

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

FEBRUARY 9, 2006

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, February 9, 2006, in the Community Room at the OWASA Administration Building, 400 Jones Ferry Road, Carrboro.

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

Others present: Ed Kerwin, Imtiaz Ahmad, Stuart Carson, Patrick Davis, Greg Feller, John Greene, Ed Holland, Andrea Orbich, and Kevin Ray OWASA staff; Robert Epting, Esquire, Epting and Hackney; Michael Burton, President of Burton and Associates; Meg Holton, Water, Wastewater, and Stormwater Manager, UNC; and Former Board Member Judy Weseman.

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

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MOTIONS ACTED UPON

1. Randy Kabrick made a motion to adopt the minutes of the December 15, 2005, Special Meeting of the Board of Directors. The motion was seconded by Mark Marcoplos, and carried by unanimous vote.

2. Randy Kabrick made a motion to adopt the minutes of the January 26, 2006, Closed Session of the Board of Directors for the purpose of discussing land acquisition. The motion was seconded by Mark Marcoplos, and carried by unanimous vote.

3. Randy Kabrick made a motion to adopt the minutes January 26, 2006, Closed Session of the Board of Directors for the purpose of discussing a personnel matter. The motion was seconded by Mark Marcoplos, and carried by unanimous vote.

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing the Executive Director to Execute Lease Agreement on Behalf of Orange Water and Sewer Authority with the University of North Carolina at Chapel Hill for the Warden's House and Adjoining Property at University Lake." (Resolution so titled attached hereto and made a part of these minutes. Motion by Randy Kabrick, it was seconded by Mark Marcoplos, and carried by unanimous vote.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution to Adopt a Policy on Reimbursement of Travel and Business-Related Expenses of the OWASA Board of Directors." (Resolution so titled attached hereto and

made a part of these minutes. Motion by Penny Rich, it was seconded by Milton Heath, and carried by unanimous vote.)

6. Laura Sandvik made a motion for the Board to go into a Closed Session for the purpose of discussing and instructing Counsel and Staff regarding negotiations. 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.

RESOLUTION OF APPRECIATION

Mac Clarke welcomed former Board Member Judy Weseman and presented her the Board's previously adopted Resolution of Appreciation for her service to OWASA and the community.

OWASA ORIENTATION FOR CHAPEL HILL TOWN COUNCIL MEMBERS

Mac Clarke said an OWASA Orientation with new Chapel Hill Town Council Members, Laurin Easthom and Bill Thorpe, was held on Monday, February 6, 2006 in the OWASA Boardroom.

COMMUNITY OUTREACH MEETING

Mac Clarke said that the Ad Hoc Community Outreach Committee met on February 8, 2006, to discuss the timing and content of the next Community Outreach meeting. It was agreed by the Committee to hold the meeting on April 27, 2006, at 7:00 P.M. at Chapel Hill Town Hall, which is also the same day as a regularly scheduled Board meeting. The Board agreed to start the Board meeting before the Community Outreach meeting.

PROPOSED WATER CONSERVATION RULE (N.C. HOUSE BILL 1215)

Mac Clarke said comments are being solicited by the State on the Proposed Water Conservation Rule and asked if the Board would like to submit a letter to the State regarding this rule; comments are due by March 6, 2006. The Board agreed that staff will work closely with Mac Clarke and Mark Marcoplos in drafting this letter and then e-mail the letter to the Board for final review before sending it to the State.

COMMITTEE MEETINGS

Ed Kerwin announced that the Human Resources Committee will meet on Thursday, February 23, 2006, at 5:30 P.M., in the First Floor Conference Room at the Chapel Hill Town Hall to discuss alternative employee compensation strategies.

AMERICAN WATER WORKS ASSOCIATION WATER SOURCES CONFERENCE

Patrick Davis briefly reported to the Board on a conference he attended in Albuquerque, New Mexico. Mr. Davis will e-mail the Board a more detailed report.

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

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

ITEM THREE: STATUS REPORT ON GRANT AGREEMENT WITH THE NORTH CAROLINA CLEAN WATER MANAGEMENT TRUST FUND

The Board received the status report on the Grant Agreement with the North Carolina Clean Water Management Trust Fund as an information item.

ITEM FOUR: REPORT ON PRIVATE SEWER SERVICE LATERAL REPAIRS

The Board received the report on the private sewer service lateral repairs as an information item.

ITEM FIVE: MINUTES

Randy Kabrick made a motion to adopt the minutes of the December 15, 2005, Special Meeting of the Board of Directors. The motion was seconded by Mark Marcoplos, and carried by unanimous vote. Please see Motion No. 1 above.

Randy Kabrick made a motion to adopt the minutes of the January 26, 2006, Closed Session of the Board of Directors for the purpose of discussing land acquisition. The motion was seconded by Mark Marcoplos, and carried by unanimous vote. Please see Motion No. 2 above.

Randy Kabrick made a motion to adopt the minutes of the January 26, 2006, Closed Session of the Board of Directors for the purpose of discussing a personnel matter. The motion was seconded by Mark Marcoplos, and carried by unanimous vote. Please see Motion No. 3 above.

ITEM SIX: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A LEASE AGREEMENT ON BEHALF OF ORANGE WATER AND SEWER AUTHORITY WITH THE UNIVERSITY OF NORTH

CAROLINA AT CHAPEL HILL FOR THE WARDEN'S HOUSE AND  
ADJOINING PROPERTY AT UNIVERSITY LAKE

Mac Clarke said Robert Epting suggested the third "WHEREAS" of this resolution read:

"WHEREAS, UNC proposes to lease the Warden's House to OWASA upon the same terms and conditions as previously, and will provide a lease in appropriate form for such purposes, ~~as soon as the continuing transaction is approved by the N.C. Council of State. but the same has not yet been received;~~"

Randy Kabrick made a motion to adopt the resolution titled, "Resolution Authorizing the Executive Director to Execute a Lease Agreement on behalf of Orange Water and Sewer Authority with the University of North Carolina at Chapel Hill for the Warden's House and adjoining property at University Lake" with the noted change. The motion was seconded by Mark Marcoplos, and carried by unanimous vote. Please see Motion No. 4 above.

ITEM SEVEN: PRESENTATION OF PROPOSED SCOPE OF WORK FOR THE RATE  
STUDY

The Board received a verbal presentation of the proposed scope of work for the rate study from Michael Burton, President of Burton and Associates, who will be the rate study consultant for OWASA.

The Board agreed with the proposed scope of work and content of the rate study.

ITEM EIGHT: DISCUSSION OF 2006 PUBLIC COMMUNICATION PRIORITIES

Mac Clarke said public communications are a vital part of our activities with our customers, particularly with regards to the Meeting of the Waters Interceptor, the Reuse Pipeline, and now the rate study. Mr. Clarke stated the communication plan is good and more specifics will be provided as the year progresses.

Marge Anders Limbert said the plan is excellent, however, more information could be provided on the reuse piece so that people will understand how reuse water will be used and that no one would ever drink it.

Terri Buckner suggested adding a category of "sustainability."

Laura Sandvik said there should be an additional item on non-point source pollution and its impacts on our watershed.

ITEM NINE: TRAVEL AND EDUCATION POLICY FOR THE OWASA BOARD OF  
DIRECTORS

Penny Rich made a motion to adopt the resolution titled "Resolution to Adopt a Policy on Reimbursement of Travel and Business-Related Expenses of the OWASA Board of Directors."

The motion was seconded by Milton Heath, and carried by unanimous vote. Please see Motion No. 5 above.

ITEM TEN: VERBAL UPDATE ON THE NATURAL RESOURCES/TECHNICAL SYSTEM (NRTS) COMMITTEE ON BIOSOLIDS MANAGEMENT

Mark Marcoplos updated the Board on the NRTS Committee meeting held prior to the Board meeting regarding OWASA's biosolids management program and staff's report on the need to ensure adequate future capacity and options for processing biosolids so that they can be recycled or otherwise disposed throughout the year.

The Committee is scheduled to meet again on March 9, 2006, prior to the Board meeting and biosolids management will be an item for discussion at the Board meeting.

ITEM ELEVEN: CLOSED SESSION

Laura Sandvik made a motion for the Board to convene in a Closed Session for the purpose of discussing and instructing counsel and staff regarding negotiations and to discuss possible land acquisition. It was seconded by Penny Rich, and carried by unanimous vote. See Motion No. 6 above.

Mac Clarke said there is a possibility of returning to open session once the Closed Session is completed.

ITEM TWELVE: WATER REUSE SYSTEM CONTRACT

The Board voted to return to open session and opened the doors to the meeting. Mark Marcoplos made a motion that the Board of Directors endorses the draft Water Reuse System Contract with the University of North Carolina at Chapel Hill in principle, and to seek public feedback about the draft contract at the Board's March 23, 2006 regular meeting prior to considering final adoption of the Water Reuse System Contract. The motion was seconded by Milton Heath and carried by a unanimous vote.

There being no further business to come before the Board, the meeting was adjourned at 9:50 P.M.

**RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO EXECUTE  
LEASE AGREEMENT ON BEHALF OF ORANGE WATER AND SEWER  
AUTHORITY WITH THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL  
HILL FOR THE WARDEN'S HOUSE AND ADJOINING PROPERTY AT  
UNIVERSITY LAKE**

**WHEREAS**, the Sale and Purchase Agreement under which OWASA acquired the interests of the University of North Carolina (UNC) in its water and sewer utility facilities obligated UNC to lease the Warden's House property at University Lake to OWASA for continued use for such purposes; and

**WHEREAS**, UNC and OWASA have regularly signed leases for such purposes since 1977, and the present lease is about to expire; and

**WHEREAS**, UNC proposes to lease the Warden's House to OWASA upon the same terms and conditions as previously, and will provide a lease in appropriate form for such purposes, but the same has not yet been received;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Executive Director of OWASA is hereby authorized to execute the lease agreement documents for and on behalf of OWASA, as may be necessary from time to time, in order to continue and extend the lease of the Warden's House for the use of the University Lake warden.

Adopted this 9th day of February, 2006.

**RESOLUTION TO ADOPT A POLICY ON REIMBURSEMENT OF  
TRAVEL AND BUSINESS-RELATED EXPENSES OF THE OWASA  
BOARD OF DIRECTORS**

**WHEREAS**, the Board finds that reimbursement of expenses related to travel, educational and other business-related activities undertaken by Board members, staff and employees of OWASA ought to be allowed only as provided for under a uniform policy; and

**WHEREAS**, the Board of Directors has reviewed, amended, and approved the policy attached hereto for this purpose;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Board of Directors hereby adopts the Policy on Reimbursement of Travel and Business-Related Expenses, attached hereto, and directs the Executive Director to implement the Policy with respect to all requests for reimbursement of travel or business-related expenses by OWASA Board members.

Adopted this 9th day of February, 2006.

## **ORANGE WATER AND SEWER AUTHORITY**

### **POLICY ON REIMBURSEMENT OF TRAVEL AND BUSINESS-RELATED EXPENSES OF THE BOARD OF DIRECTORS**

#### **PURPOSE:**

To establish fiscally responsible and uniform policies and procedures for reimbursement of expenses incurred by the Orange Water and Sewer Authority (OWASA) Board Members for travel, education or any other preapproved OWASA business purpose.

#### **POLICY:**

It is the policy of OWASA that uniform procedures will be followed for the authorization and expenditure of funds for travel associated with OWASA business. OWASA's Board of Directors are annually allocated a set amount of funds, established when the budget is adopted to be used for expenses incurred while traveling, or to participate in training seminars or for other OWASA business purposes.

- Expenses incurred by OWASA Board Members, to be reimbursed from OWASA funds, must be approved in advance by the Board Chair. The Chair will advise the Board's Executive Committee of all requests received.
- All requests for reimbursement for the Chair must be approved by the Executive Committee.
- The Chair will inform the Executive Director or his/her designee of all Board Member preapproved expenses.
- The Executive Director or his/her designee will assist the Board Member, if desired, with arrangements for travel and the accompanying reimbursement procedures.
- Travel guidelines for the Board Members shall follow the same requirements established by the Executive Director for OWASA employees which are found in OWASA's Administrative Guides, Travel Policy Guidelines.