

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

MAY 11, 2006

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, May 11, 2006, at 7:00 P.M., in the OWASA Community Room.

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

Others present: Ed Kerwin, Imtiaz Ahmad, Mary Darr, Patrick Davis, Greg Feller, Ed Holland, Alexandra Jones, Andrea Orbich and Kevin Ray of the OWASA staff; Robert Epting, Esquire, Epting and Hackney; Meg Holton, Water, Wastewater, and Stormwater Manager, UNC; Dr. Larry Band, UNC; Randy Foulke, Black and Veatch; and Mark Witcher, Chapel Hill.

There being a quorum present, Vice Chair Penny Rich called the meeting to order.

MOTIONS ACTED UPON

1. Marge Anders Limbert moved to adopt the minutes of the April 27, 2006, Closed Session of the Board of Directors for the purpose of discussing land acquisition. The motion was seconded by Laura Sandvik, and carried by unanimous vote.

2. Laura Sandvik made a motion for the Board to go into a Closed Session for the purpose of discussing a property acquisition. The motion was seconded by Milton Heath, and carried by unanimous vote.

ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Penny Rich 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.

CLOSED SESSION

Penny Rich said following the Board meeting, the Board will convene in a Closed Session for the purpose of discussing land acquisition.

UNC LEADERSHIP ADVISORY COMMITTEE

Randy Kabrick said the UNC Leadership Advisory Committee is in the process of developing principles for planning Carolina North based on the principles of the Horace Williams Committee's Report.

COMMITTEE MEETINGS

Penny Rich said the Human Resources Committee will meet on Thursday, June 8, 2006 at 5:30 P.M. in the OWASA Boardroom to continue discussions on alternative employee compensation strategies.

Kevin Ray said that Budget and Financial Planning Committee will meet on Wednesday, May 24, 2006 at 8:30 A.M. in the OWASA Boardroom to review the key points, proposed outline and proposed approaches to be incorporated into the draft basis of the Rate Study Report.

STAFF

Ed Kerwin said Patrick Davis has been promoted to Utility Manager Generalist effective immediately and that Mason Crum, P.E., has been selected as the Director of Engineering and Planning effective July 31, 2006.

UPDATE OF THE WATER SUPPLY AND DEMAND CONDITIONS

Ed Holland updated the Board on the current drought and water supply and demand conditions. OWASA's lakes are approximately 93% full, but streamflows into the Cane Creek Reservoir and University Lake are below normal. It is recommended that the Water Supply Advisory remain in effect and that OWASA continue to remind customers that the year-round conservation measures are in place.

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

Penny Rich asked for petitions and requests from the public, the Board, and staff. There were none.

ITEM THREE: BIMONTHLY STATUS REPORT ON THE MASON FARM WASTEWATER TREATMENT PLANT UPGRADE AND EXPANSION

The Board received the bimonthly status report on the Mason Farm Wastewater Treatment Plant upgrade and expansion project as an information item.

ITEM FOUR: QUARTERLY REPORT ON CONSUMPTION, EXTENSIONS AND CONNECTIONS

The Board received the quarterly report on consumption, extensions and connections as an information item.

ITEM FIVE: MINUTES

Marge Anders Limbert made a motion to adopt the minutes of the April 27, 2006, Closed Session of the Board of Directors for the purpose of discussing land acquisition. The motion was seconded by Laura Sandvik, and carried by unanimous vote. Please see Motion No. 1 above.

ITEM SIX: SCOPE OF SERVICES FOR ODOR ASSESSMENT AT THE MASON FARM WASTEWATER TREATMENT PLANT (WWTP)

Marge Anders Limbert suggested that staff send an executive summary of the *General Odor Elimination Industry Standards* report to customers and invite customers to help define odor elimination.

Mary Darr said that staff would be sending out information and continuously checking in with customers. She said one of the main goals of this project is to establish a mutually agreeable definition of effective odor elimination.

Randy Kabrick asked if Dr. Barnes Bierck sent comments.

Ms. Darr stated that she had received comments from Dr. Bierck on the first and second draft report.

Mr. Kabrick asked what the current odor control practices at the WWTP are.

Ms. Darr said they include making sure that the on-site biofilter and odor scrubber are functioning properly, and that operating processes and housekeeping are not creating any undue odors.

Mark Witcher, a resident of Hunt's Reserve, said he does not feel sampling outside the facility is of value, but that the focus should be on internal sampling of the WWTP to gain as much operational information as possible and understand what equipment is emitting odors as opposed to a nebulous sampling of the neighborhoods.

ITEM SEVEN: PRESENTATION FROM DR. LARRY BAND ON DROUGHT VULNERABILITY IN NORTH CAROLINA

Dr. Larry Band of the University of North Carolina at Chapel Hill Geography Department made a presentation regarding a study being done for OWASA and other North Carolina utilities to determine the possible effects of long-term changes in climate and land use on drought vulnerability of local water supplies in North Carolina. This study is expected to be completed within the next six months.

ITEM EIGHT: BIOSOLIDS DEWATERING SYSTEM PROPOSAL AND PRELIMINARY COST EVALUATIONS

Randy Kabrick inquired if the filtrate return costs include the added production of waste-activated sludge.

Patrick Davis said that for the study projects there will be a five to six percent increase in annual sludge production; however, the additional costs of handling that additional volume of sludge was not included in the cost evaluation. That feature can be added to the cost evaluation spreadsheet. Staff will review this information with Brown and Caldwell.

Mr. Kabrick also asked if Brown and Caldwell thought about mixing the filtrate with the liquid biosolids to be land-applied, thereby not returning the nitrogen and phosphorous to the plant for treatment.

Mr. Davis said staff has not asked Brown and Caldwell to specifically evaluate this process, but it is a strategy used in other plants and will be considered.

The Board unanimously agreed to proceed with efforts to retain an engineering consultant for final design services for a biosolids dewatering system at the Mason Farm Wastewater Treatment Plant.

ITEM NINE: RECLAIMED WATER SYSTEM PROJECT UPDATE

The Board received a status report on design work for the reclaimed water system project from Project Manager Alexandra Jones. Ms. Jones noted that on May 8, 2006 the Chapel Hill Town Council approved an expedited review of OWASA's application for a Special Use Permit Modification for the reclaimed water storage and pumping facilities.

ITEM TEN: QUARTERLY FINANCIAL REPORT AND ANALYSIS

The Board received the quarterly financial report and analysis as an information item and agreed unanimously to move this report back to the consent agenda.

ITEM ELEVEN: CLOSED SESSION

Laura Sandvik moved that the Board go into Closed Session for the purpose of discussing property acquisition. The motion was seconded by Milton Heath, and carried by unanimous vote. Please see Motion No. 2 above.

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There being no further business to come before the Board, the meeting was adjourned at 9:15 P.M.