

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JULY 13, 2006

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, July 13, 2006, at 7:00 P.M., in the OWASA Community Room.

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

OWASA staff: Ed Kerwin, John Greene, Stuart Carson, Mary Darr, Patrick Davis, Greg Feller, Ed Holland, Vishnu Gangadharan, Walter Gottschalk, Andrea Orbich and Kevin Ray of the OWASA staff; and Robert Epting, Esquire, Epting and Hackney.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager, UNC; Nancy Hardy and Pat Dodson, Blue Ridge Environment Defense League; Eddie and Jean Mann; Patti Hucks, Mary Dodge-Smith, Jan Yopp, Cam Hill, Elizabeth Colline, Stacy Glass, and David Margolis, Cane Creek Rowing Association; Brian Voyce; W. Chapman; Nancy S. Gustaveson; Kathleen Hoffmann; Nancy Holt, Carolina Concerned Citizens; Liza Cushion, Orange County ERCD; Amy Lowman, UNC; Cheryl Johnston, News & Observer; Gordon Neville; Yonni Chapman and Al McSurely, NAACP; Thom Limbert; Ken Krebs; Sarah Holt; Anne Bares Miller; Evelyn Teer; Chris Heaney and Leah Schinasi, UNC Department of Epidemiology; Alan Rimer; Dr. Michael Aitken, UNC; John McMichaels; Anna Biton, Town of Chapel Hill; Patrick Mulkey; James Tomberg; Pamela Gronben; Doug Campbell; Dulie Straughan; Jon Elliott; Katrina Ryan; Jim O'Conner, Shannon O'Conner and Cerridwen O'Conner; Alan Wells; and Will Autry.

Andrea Orbich, Notary Public, administered the Oath of Office to Fred Battle, Town of Chapel Hill appointee to the OWASA Board, at the beginning of the Board meeting.

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

MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the Resolution of Appreciation for Mark Marcoplos, former member of the Board of Directors of Orange Water and Sewer Authority. (Resolution so titled attached hereto and made a part of these minutes. Motion by Milton Heath, seconded by Penny Rich, and carried by unanimous vote.)

2. Marge Anders Limbert moved to adopt the minutes of the May 11, 2006, Meeting of the Board of Directors. The motion was seconded by Penny Rich, and carried by unanimous vote.

3. Marge Anders Limbert moved to adopt the minutes of the June 8, 2006, Meeting of the Board of Directors. The motion was seconded by Penny Rich, and carried by unanimous vote.

4. Marge Anders Limbert moved to adopt the minutes of the June 8, 2006, Closed Session of the Board of Directors for the purpose of discussing a personnel matter. The motion was seconded by Penny Rich, and carried by unanimous vote.

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt Resolution of Orange Water and Sewer Authority Declaring its intention to Seek Reimbursement from the Proceeds of One or More Tax-Exempt Financings for certain Expenditures made and/or to be made in Connection with the Acquisition, Construction and/or Equipping of Certain Capital Improvements. (Resolution so titled attached hereto and made a part of these minutes. Motion made by Marge Anders Limbert, seconded by Penny Rich, and carried by unanimous vote.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt a Resolution Awarding a Construction Contract for the I-40 Booster Pump Station. (Resolution so titled attached hereto and made a part of these minutes. Motion made by Milton Heath, seconded by Gordon Merklein, and carried by unanimous vote.)

7. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt a Resolution Authorizing Executive Director to Extend Contract Term for Multi-Year Service Agreement between OWASA and CITI, LLC for Instrumentation and Control Integration work. (Resolution so titled attached hereto and made a part of these minutes. Motion made by Terri Buckner, seconded by Milton Heath, 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.

CANCELLATION OF THE JULY 27, 2006 BOARD MEETING

Mac Clarke said the July 27, 2006, OWASA Board meeting has been cancelled; there is a possibility that the August 10, 2006, Board meeting will also be cancelled and a decision will be announced on or about August 1, 2006.

RESOLUTION OF APPRECIATION

Mac Clarke read aloud a resolution of appreciation honoring the service of former Board Member Mark Marcoplos.

Board Members and Ed Kerwin expressed their sincere appreciation to Mr. Marcoplos for his leadership and service to OWASA.

Milton Heath made a motion to adopt the Resolution of Appreciation to Mark Marcoplos, former member of the Board of Directors. The motion was seconded by Penny Rich, and carried by unanimous vote. See Motion No. 1 above.

RONALD HOLDWAY

Mac Clarke said that Ronald (Ron) Holdway, Orange County's Director of Environmental Health, passed away on July 8, 2006.

The Board and staff expressed their condolences as well as their appreciation of Mr. Holdway's service to Orange County and OWASA.

DRAFT REPORT ON POTENTIAL APPROACHES FOR ALTERNATIVE EMPLOYEE COMPENSATION

Mac Clarke said this item may be deferred until the next Board meeting.

COMMITTEE MEETINGS

Penny Rich gave a verbal update on the Board's Ad Hoc Property Committee meeting held prior to the Board meeting. Ms. Rich reported that the environmental assessment of the Ray Family Trust property is ongoing and additional evaluation of the site will be needed. Ms. Rich also stated the house on the property which is currently being rented needs repairs and upgrades but those needs should not affect plans to purchase this property.

FREE FRIDAYS AT OWASA LAKES

Greg Feller announced that from July 14, 2006 through August 18, 2006, OWASA will offer Free Fridays for OWASA customers at University Lake and the Cane Creek Reservoir. Boat rentals and lake use fees will be waived. Customers will be asked to present an OWASA bill or a driver's license to confirm residence in the OWASA service area.

STAFF

Ed Kerwin announced the hiring of Paula Thomas, Sustainability Administrator; and Mason Crum, Director of Engineering and Planning. They will begin on July 24, 2006 and July 31, 2006 respectively.

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

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

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

The Board received the status report on the Mason Farm Wastewater Treatment Plant Expansion as an information item.

ITEM FOUR: MINUTES

Marge Anders Limbert made a motion to adopt the minutes of the May 11, 2006, Meeting of the Board of Directors. The motion was seconded by Penny Rich, and carried by unanimous vote. Please see Motion No. 2 above.

Marge Anders Limbert Penny Rich made a motion to adopt the minutes of the June 8, 2006, Meeting of the Board of Directors. The motion was seconded by Penny Rich, and carried by unanimous vote. Please see Motion No. 3 above.

Marge Anders Limbert made a motion to adopt the minutes of the June 8, 2006, Closed Session of the Board of Directors for the purpose of discussing a personnel matter. The motion was seconded by Penny Rich, and carried by unanimous vote. Please see Motion No. 4 above.

ITEM FIVE: RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY DECLARING ITS INTENTION TO SEEK REIMBURSEMENTS FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND/OR EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

Marge Anders Limbert made a motion to adopt the resolution; the motion was seconded by Penny Rich, and carried by unanimous vote. Please see Motion No. 5 above.

ITEM SIX: CONTINUED DISCUSSION ON THE CANE CREEK ROWING ASSOCIATION'S PETITION

John Greene said staff recognizes this petition is a policy matter for the Board but staff recommends the original petition from the Cane Creek Rowing Association (CCRA) not be approved based on the precedent it would set, the significant change in how OWASA supports recreational activities at Cane Creek Reservoir, the difficulties in supporting an increased number of lake users at Cane Creek, and the limits under the In-Lake Use Regulations.

The Board received the following comments from citizens on the petition to allow rowing on Cane Creek Reservoir:

- Cam Hill, a representative of the CCRA, said that all concerns by OWASA can be worked through and addressed in writing by the CCRA prior to August 24, 2006.
- Stacy Glass, a member of the CCRA, pointed out that saying yes to rowing at Cane Creek is saying yes to an active, healthy activity as well as giving people in the community an opportunity that would not be available otherwise.
- Jim O’Conner, a resident near Cane Creek, said that Cane Creek is a public facility and the Board should approve the staff recommendation. Ms. Shannon O’Conner read the poem *Wings Over the Jewel* by Mr. O’Conner and his granddaughter.
- Eddie Mann, a resident near Cane Creek and former OWASA Board member, opposes the CCRA petition and requested that the CCRA withdraw their petition.
- Patrick Mulkey, a resident near Cane Creek, opposes the CCRA petition and encouraged the Board to allow hunting because hunting is occurring nonetheless.
- Alan Rimer, former OWASA Board member, encouraged the Board to stay the course, not change OWASA policies and stay on the issue of water quality.
- Jan Yopp, a CCRA member, supports rowing at Cane Creek because rowing is a human power sport without gasoline use and a quiet sport that does not harm water quality or wildlife.

Mr. Clarke thanked the public for their comments and requested the Board to give their observations.

Randy Kabrick requested that Robert Epting address the use of University Lake – it is for University organizations under the Sale and Purchase Agreement between OWASA and the University.

Mr. Epting said that the Agreement allows University organizations to use University Lake.

Mr. Kabrick then asked for a show of hands in the audience to indicate how many people who row on University Lake are not members of University organizations. He said that University Lake use by University organizations was grandfathered as part of the Sale and Purchase Agreement. First and foremost, he said, Cane Creek was created as a water supply for the community and not for recreation. Mr. Kabrick said he agreed rowing is a good aerobic sport, however a great deal of time has already been invested in this petition and the Board should deny or accept this petition tonight.

Mr. Clarke said the top priority of the Board is the quality of the water. He is still open-minded as it pertains to allowing rowing on Cane Creek Reservoir but a plan would need to be examined in detail. Establishment of a rowing facility on OWASA’s Cane Creek site is not

possible although perhaps the CCRA could pursue the use of a site on an independent tract of land adjacent to OWASA land for access with the necessary supervision by OWASA. Mr. Clarke stated he would not be agreeable to unsupervised activity on the reservoir.

Milton Heath stated he favored some limited use of Cane Creek for CCRA on a trial basis during regular hours of operation according to the limits of OWASA's In-Lake Use Regulations.

Patty Hucks, a representative of CCRA, said the Association is interested in a trial basis as well as storing a boat on low boys at Cane Creek.

Penny Rich inquired as to how long the boat is.

Ms. Hucks said the boat is 60 foot long.

Mr. Kerwin said that according to the State's permit for lake recreation, there can be no body contact in the reservoir; OWASA has no legal authority to allow any boat over 14 feet long on Cane Creek without the State's approval, which could take up to be a year; and that there is no reason for OWASA to store the boat.

Mr. Kabrick encouraged the Board to deny the original petition from CCRA and that if CCRA would like to submit another petition regarding a trial basis, then the Board could consider that petition.

The Board unanimously agreed to deny the CCRA's original petition and encourage CCRA to submit a revised trial petition for rowing on Cane Creek Reservoir.

ITEM SEVEN: LAND APPLICATION OF OWASA BIOSOLIDS IN THE CANE CREEK AND UNIVERSITY LAKE WATERSHEDS

Ed Holland briefly reviewed OWASA's biosolids management program, emphasizing the differences between biosolids and "wastewater sludge." He said that OWASA's biosolids meet US Environmental Protection Agency's Exceptional Quality criteria, and that OWASA's present land application of biosolids is conducted safely and in compliance with all regulatory and industry standards. OWASA biosolids are applied to a number of Orange and Chatham County locations, including the Upper Eno watershed, which is classified WS-II. OWASA has not applied biosolids in University Lake and Cane Creek Reservoir watersheds, which are also classified WS-II, but staff is recommending that it do so in order to manage OWASA's high quality biosolids locally and with lower transportation distances, costs and environmental impacts.

The following citizens commented regarding biosolids disposal:

- Ms. Nancy Holt expressed concerns about the City of Burlington's sludge disposal on land across the road from her property and said Federal rules refer to "sewage sludge" rather than biosolids.

- Alan Rimer, a member of the Orange County Board of Health, said OWASA is an extraordinary environmental steward of the environment and that OWASA's management of biosolids is diametrically different from that done by the contractor who applies Burlington's biosolids. He said the OWASA staff's recommendation is based on good science and he encouraged OWASA to have a collaborative dialogue with citizens.
- Ms. Nancy Gustaveson, an Orange County resident, said OWASA should take a cutting edge approach and pursue new biosolids technology, such as incineration.
- Dr. Michael Aitken, a professor in the UNC School of Public Health's Department of Environmental Sciences and Engineering, said OWASA's primary obligation is to protect the watersheds, and that if OWASA decides to apply biosolids in the University Lake and Cane Creek Reservoir watersheds, it should develop principles, such as applying only Class A/Exceptional Quality biosolids and periodically evaluating impacts as scientific knowledge evolves. He said not all of the impacts of and contaminants in biosolids are known at present.
- Eddie Mann, an Orange County resident near the Cane Creek Reservoir, said an educational campaign by an independent, trusted source is needed. He said there is fear about whether pathogens in biosolids can be airborne and concern that biosolids have pharmaceutical substances that can get into the water system.
- Ms. Kathy Hoffman, a resident of Mebane Oaks Road near the Cane Creek Reservoir, said there is not a scientific basis for saying that biosolids are safe. Ms. Hoffman provided a paper by Dr. Caroline Snyder of the University of Rochester and asked that the article be included in the record of the Board meeting (see attached).
- Brian Voyce, an OWASA customer, said OWASA should not apply biosolids in the University Lake and Cane Creek Reservoir watersheds and should conduct extensive studies before making a decision. He recommended reading articles by the Cornell University Waste Management Institute about biosolids.
- Ken Krebs, an analytical chemist, said OWASA should proceed cautiously and recognize the precautionary principle. He said processed biosolids are known to contain a compound from anti-bacterial soap that tends to bioaccumulate and does not biodegrade well.

Mr. Clarke thanked the public for their comments and requested the Board to give their observations.

Marge Anders Limbert thanked the public for expressing their concerns and attending the Board meeting. She said OWASA is working on other alternatives for biosolids, such as drying and composting. Ms. Limbert said OWASA already land applies biosolids in other watersheds and feels strongly that if OWASA applies biosolids in other watersheds, OWASA should also apply biosolids in the Cane Creek and University Lake watersheds.

Randy Kabrick supports land application although we may not know everything we should know. He said OWASA should be proactive, look beyond current regulations, and find out what is in our waste and get educated about land application.

Fred Battle stated he would need further information and education on biosolids before making a recommendation.

Mr. Clarke thanked the public again for their comments and information to the Board and staff. He said OWASA works under constraints that biosolids are made every day and still need to be disposed of in some fashion. One option the Board is considering is a substantial investment at the Mason Farm Wastewater Treatment Plant to dewater the biosolids. To dry or incinerate biosolids could cost significantly more and the Board needs to be mindful of the costs.

The Board agreed to further discussion on this topic at a future meeting.

ITEM EIGHT: DRAFT REPORT ON POTENTIAL APPROACHES FOR ALTERNATIVE EMPLOYEE COMPENSATION

The Board deferred this item to the next OWASA Board meeting.

ITEM NINE: RECOMMENDATION TO RESCIND WATER SUPPLY ADVISORY

The Board agreed to rescind the water supply advisory as recommended by staff with the exception of Randy Kabrick because he feels it is premature to rescind the advisory. However, the Board and staff noted the importance of year-round conservation requirements that are still in effect and encouraged all OWASA customers to continue using water wisely.

ITEM TEN: RESOLUTION TO AWARD A CONSTRUCTION CONTRACT FOR THE I-40 BOOSTER PUMP STATION

Milton Heath made a motion to adopt the resolution; the motion was seconded by Gordon Merklein, and carried by a unanimous vote. See Motion No. 5 above.

ITEM ELEVEN: RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO EXTEND THE CONTRACT TERM FOR MULTI-YEAR SERVICE AGREEMENT BETWEEN OWASA AND CITI, LLC FOR INSTRUMENTATION AND CONTROL INTEGRATION WORK

Terri Buckner made a motion to adopt the resolution; the motion was seconded by Milton Heath, and carried by a unanimous vote. See Motion No. 6 above.

ITEM TWELVE: BOARD COMMITTEE ASSIGNMENTS

Mac Clarke proposed that no changes be made to the following Board Committees:

- ✓ Budget and Financial Planning Committee;
- ✓ Executive Committee;
- ✓ Nominating Committee; and
- ✓ Ad Hoc Property Committee.

The Human Resources Committee will not change except to add Fred Battle as a member. Mr. Battle agreed to this assignment.

The Board members on the Natural Resources/Technical Systems (NRTS) Committee will not change however, Penny Rich will serve as Chair of the NRTS Committee until after the Annual Meeting of the Board in September.

There might be an addition appointment to the Ad Hoc Art Committee because responses from artists are due September 7, 2006 and a meeting of that Committee will be needed.

In preparation of the Annual Meeting of the Board of Directors the Nominating Committee will be selected in late August.

The Board unanimously agreed to this proposal.

ITEM THIRTEEN: EXECUTIVE DIRECTOR'S WORK PLAN

Terri Buckner requested that the following language be added to the Executive Director Work Plan on page 3, Section 6, Environmental Responsibility/Sustainability, item C:

- C. Further refine OWASA's Sustainability Report *and evaluate the expansion of OWASA's sustainability programs.*

The Board unanimously agreed to the Executive Director's work plan.

There being no further business to come before the Board, the meeting was adjourned at 9:46 P.M.

NOTE: Audiotapes are available at OWASA for listening.

RESOLUTION OF APPRECIATION FOR MARK MARCOPLOS, FORMER MEMBER
OF THE BOARD OF DIRECTORS OF ORANGE WATER AND SEWER AUTHORITY

WHEREAS, in 1999, the Orange County Board of County Commissioners appointed Mark Marcoplos to serve on the Board of Directors of the Orange Water and Sewer Authority; and

WHEREAS, Mr. Marcoplos diligently served as a member of the Board of Directors of Orange Water and Sewer Authority from December 16, 1999 to June 30, 2006; and from October 9, 2003 to September 22, 2005, he served with distinction as Chair of the Board, and from October 11, 2001 to October 10, 2002, he served as Secretary-Treasurer of the Board; and

WHEREAS, Mr. Marcoplos has given freely of his time, energy, and talents with unselfish dedication of his abilities, practical leadership, responsive stewardship, and compassionate concern in serving the community and the customers of Orange Water and Sewer Authority;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors of Orange Water and Sewer Authority, acting through its members, Fred Battle, Terri Buckner, Mac Clarke, Milton Heath, Randy Kabrick, Marge Anders Limbert, Gordon Merklein, Penny Rich and Laura Sandvik, now takes this means of expressing to Mark Marcoplos its sincere appreciation and deep gratitude for his faithful service, able leadership, and stewardship; and the Board of Directors wishes for Mark Marcoplos great personal happiness and professional success in the years ahead.

2. That this resolution be spread on the Minutes of this meeting on the 13th day of July, 2006, a copy of this resolution be transmitted to the County of Orange, and with proper exposition, a copy of this resolution shall be presented to Mark Marcoplos.

Adopted by the Board of Directors of Orange Water and Sewer Authority this 13th day of July, 2006.

RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY DECLARING ITS INTENTION TO SEEK REIMBURSEMENT FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND/OR EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

WHEREAS, Orange Water and Sewer Authority (the “Issuer”) is a political subdivision of, and is organized and existing under the laws of the State of North Carolina; and

WHEREAS, the Issuer has paid, beginning no earlier than May 14, 2006, and will pay, on and after the date hereof, certain expenditures (the “Expenditures”) in connection with the acquisition, construction and/or equipping of various capital improvements projects (the “Project”), as more fully described in Exhibit A attached hereto; and

WHEREAS, the Board of Directors of the Issuer (the “Board”) has determined that those monies previously advanced no more than 60 days prior to the date hereof and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issues of tax-exempt bonds (the “Bonds”);

NOW, THEREFORE, BE IT RESOLVED:

1. The Board hereby declares the Issuer’s intent to reimburse the Issuer with the proceeds of the Bonds for the Expenditures with respect to the Project made on and after May 14, 2006, which date is no more than 60 days prior to the date hereof. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

2. Each Expenditure was, and will be, either (a) of a type properly chargeable to capital account under general federal income tax principles, (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Issuer so long as such grant does not impose any obligation or condition, directly or indirectly, to repay any amount to or for the benefit of the Issuer.

3. The maximum principal amount of the Bonds expected to be issued for the Project is \$30,000,000.

4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer’s use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Issuer recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, certain *de minimis* amounts, expenditures by “small issuers” and expenditures for construction projects of at least five years.

5. This resolution shall take effect immediately upon its passage.

Adopted this the 13th day of July, 2006.

RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO EXTEND CONTRACT TERM FOR MULTI-YEAR SERVICE AGREEMENT BETWEEN OWASA AND CITI, LLC FOR INSTRUMENTATION AND CONTROL INTEGRATION WORK

WHEREAS, Orange Water and Sewer Authority has an existing contract with CITI, LLC for services for instrumentation and control system work for water and wastewater facilities; and

WHEREAS, CITI, LLC was selected as the “Best Qualified” firm for instrumentation and control work for fiscal years FY 2004 through FY 2006 by the resolution adopted June 12, 2003; and

WHEREAS, CITI, LLC has provided satisfactory services on several completed and ongoing projects for Orange Water and Sewer Authority; and

WHEREAS, the Executive Director has recommended that the existing contract with CITI, LLC be extended so that continuity of instrumentation and control integration is maintained for work currently in progress on the Mason Farm Wastewater Treatment Plant 14.5 MGD Upgrade and Expansion, the upcoming Reclaimed Water System facilities project, and other projects;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Executive Director is hereby authorized to negotiate and execute an extension of the existing contract, and to approve and execute change orders and such other documents as may be required in connection with contracts, with CITI, LLC as the “Best Qualified” firm for instrumentation and control system work for fiscal years FY 2007, FY 2008, and FY 2009, at a fair and reasonable cost.

Adopted this 13th day of July 2006.

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE
I-40 BOOSTER PUMPING STATION**

WHEREAS, there is a need for transfer capacity improvements to Orange Water and Sewer Authority's (OWASA) potable water supply; and

WHEREAS, plans and specifications for the construction of this project have been prepared by the Black and Veatch, Inc.; and

WHEREAS, advertisement for bids was published in the News and Observer, Greater Diversity News, and on the OWASA website on June 4, 2006, and four (4) General Construction bids were received and opened on June 29, 2006; and

WHEREAS, on June 8, 2006 the Board approved a resolution authorizing funds for Capital Projects for Water Treatment and Distribution Improvements, including adequate funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the OWASA Board of Directors' award the general construction contract to A.C. Shultes of Carolina, Inc., the low bidder for the I-40 Booster Pumping Station, in accordance with the approved plans and specifications, in the amount of \$696,629 for the base bid, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

3. That the Executive Director be, and hereby is, directed to furnish copies of said contract to the appropriate State and Federal regulatory agencies for required approval.

Adopted this 13th day of July, 2006.

EXECUTIVE DIRECTOR'S WORK PLAN
JUNE 2006 THROUGH MAY 2007
ED KERWIN

1. LEADERSHIP AND MANAGEMENT

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| A. | With Guidance from the Human Resources Committee, propose an update to OWASA's Personnel Policy (this is not a major rewrite, but a "cleanup" of old language where applicable). | <i>Due
May 2007</i> |
| B. | Develop a specific "action plan" to complete a short- and long-term strategic plan for Knowledge Management and Succession Planning. If time and resources permit, begin implementation of the "action plan." | <i>Apr 2007</i> |
| C. | Working closely with the Human Resources Committee, propose enhancements to employee compensation to improve the recruitment and retention of productively and highly skilled employees by July 2007. Should the full Board agree, obtain feedback from employees regarding possible enhancements to employee compensation and make final recommendations to the full Board. | <i>Oct 2006</i> |
| D. | Complete competitive evaluation of health and dental insurance providers. | <i>Oct 2006</i> |

2. QUALITY WATER AND WASTEWATER SERVICES

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|----|--|-------------------------|
| A. | Complete the technical work for Phase 1 of the Odor Assessment study for the Mason Farm Wastewater Treatment (WWTP) and continue to implement improvements as applicable. | <i>Due
Nov 2006</i> |
| B. | It is a priority to complete a long-term Biosolids Management Plan. Given the complexities and uncertainties with long-term biosolids management, it is important that OWASA's program offer flexibility and diversity. Once the initial plan is established, it will require an annual update to keep it current. | <i>May 2007</i> |
| C. | Continue to seek revision of OWASA's 404 Permit from the Corps of Engineers to prohibit hunting on the Cane Creek Reservoir. | <i>TBD</i> |
| D. | Complete installation of 1,000 radio read meters and evaluate the effectiveness of same. | <i>May 2007</i> |
| E. | Complete renovation of the Piney Mountain Wastewater Pump Station by OWASA staff. | <i>Nov 2006</i> |
| E. | Update Sewer Use Ordinance and Cross Connection Control Ordinance to reflect current operating practices and changes in regulations. | <i>Aug 2006</i> |
| F. | Begin implementation of compliance with Stage 2 Disinfection Byproducts Rule and Long-Term 2 Surface Water Treatment Rules. | <i>Apr 2007</i> |

- G. Continue to monitor and explore solutions to periodic algae problems – especially as they may affect drinking water treatability and other water quality concerns – in University Lake and the Cane Creek Reservoir. Due
May2007

3. CAPITAL PLANNING AND IMPROVEMENTS

- A. Substantially complete the construction of improvements for the Mason Farm WWTP and keep the project on schedule and budget, and to minimize impacts to the operating plant and its neighbors. Due
Jun 2007
- B. Complete the design by October 2006 for the Reclaimed Water System and award a construction contract(s). Mar 2007
- C. As we approach the achievement of our land acquisition/protection goals for the Cane Creek watershed, develop appropriate options – if any – for the next phase of OWASA's land program. May 2007
- D. Complete the design of a biosolids dewatering facility at the Mason Farm WWTP by November 2006 and award a construction contract. Mar 2007
- E. Complete construction of Stone Quarry Reservoir Pump Station. Mar 2007
- F. Complete design of the Bolin Creek Interceptor Phase 3 improvements. Jan 2007

4. FISCAL MANAGEMENT

- A. Complete Rate Study and develop an action plan for its implementation as applicable. The action plan may include an early rate adjustment and/or the evaluation of potential cost reduction measures. Due
Jan 2007
- B. Successfully complete the projected \$20 million bond issue and maintain OWASA's current credit ratings. Oct 2006

5. COMMUNITY RELATIONS

- A. Continue to increase the level of information provided to the community regarding water conservation opportunities and potential rate study changes. Due
Ongoing
- B. Working closely with the Board, develop and plan for future Community Outreach efforts. Mar 2007
- C. Continue to keep stakeholders well informed and involved as the Mason Farm WWTP odor elimination process moves forward. Ongoing

- D. Continue to work closely with stakeholders including the N.C. Botanical Garden, Laurel Hill-Morgan Creek neighborhood residents and the University in planning and implementing the Meeting of the Waters Sewer Replacement and the Reclaimed Water System projects including public information and educational requirements to be required by the State. *Due Ongoing*

6. ENVIRONMENTAL RESPONSIBILITY/SUSTAINABILITY

- A. Working closely with the Natural Resources/Technical Systems Committee, develop a phased approach of specific conservation measures to be implemented to achieve OWASA's long-term water conservation goal. *Due May 2007*
- B. Operate the new digester gas handling system at the WWTP to save energy and minimize the amount of methane gas that is "flared off." *Jan 2007*
- C. Further refine OWASA's Sustainability Report and evaluate the expansion of OWASA's sustainability programs. *April 2007*

NOTE: The Executive Director has a responsibility to provide the Board of Directors with a comprehensive and meaningful document by which he/she intends to administer the policies of the organization and direct the staff during the upcoming fiscal year. This document is not intended to list all the requirements of the Executive Director and staff with respect to day-to-day operation of OWASA. Rather, it should identify those goals and objectives that need special attention during the year to ensure the organization continues to effectively accomplish its mission. The Board of Directors commits to provide timely and appropriate counsel and direction to the Executive Director in the development of the Work Plan.