

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

MAY 8, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, May 8, 2008, at 7:00 P.M., in OWASA's Community Room.

Directors present: Randolph M. Kabrick, P.E., Chair; Gordon Merklein, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Marge Anders Limbert; Gene Pease; Alan Rimer; and William R. Stott.

OWASA staff: John Greene; Mason Crum; Gwen Burston; Patrick Davis; Greg Feller; Damon Forney; Ed Holland; Andrea Orbich; Kevin Ray; and Robert Epting, Esq., Epting and Hackney.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; Jim Ward, North Carolina Botanical Garden and Chapel Hill Mayor pro tem; Helen Ludwig, Alice Neebe, Ann Alexander, Gary Richman, Frank Rexford, Lex Alexander, Amanda Kingsbury, Abraham Nussbaum and Kay Johnson, Highland Woods residents.

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

MOTIONS ACTED UPON

1. Mac Clarke made a motion to approve the Minutes of the March 27, 2008 Board Meeting; the motion was seconded by Gene Pease, and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Renewal of Property, Liability, Workers' and Excess Liability and Umbrella Liability Insurance Policies through the North Carolina League of Municipalities Risk Management Services." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, second by Gene Pease, and carried by a unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing the Renewal of Medical Insurance Contract with Blue Cross/Blue Shield of North Carolina." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, second by Gene Pease, and carried by a unanimous vote.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing the Contract with Blue Cross/Blue Shield of North Carolina for Dental Insurance." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, second by Gene Pease, and carried by a unanimous vote.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Setting the Date of June 12, 2008 for a Public Hearing on the Proposed OWASA Budget for Fiscal Year (FY) 2008-2009 and on the Draft Capital Improvements Program for FY 2009-2023

Including a Five-Year Capital Improvements Budget for FY 2009-2013.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Gene Pease, second by Fred Battle, and carried by a unanimous vote.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution Setting the Date of June 12, 2008 for a Public Hearing on the Proposed Revisions to Water, Sewer and Reclaimed Water Rates, Fees and Charges.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Gene Pease, second by Alan Rimer, and carried by a 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.

AMENDMENT TO THE AGENDA

Mr. Kabrick said that an item was added to the agenda, discuss the Appointment of the Nominating Committee, following the Status Report on Water Supply and Demand.

THE LATE ARTHUR HUROW, FORMER BOARD MEMBER

Mr. Arthur Hurow (retired Brigadier General, United States Army), who served on the original OWASA Board from 1976 to 1980, passed away Saturday, May 3, 2008.

JOINT MEETING SPONSORED BY ORANGE COUNTY

Mr. Kabrick said that he and Ed Kerwin will attend a joint meeting sponsored by Orange County to discuss land acquisition, land preservation, biosolids land application, and storm water run-off credits. The meeting will be held on Wednesday, May 14, 2008 at 11:15 AM at the Link Government Services Center, Hillsborough.

CHAPEL HILL TOWN COUNCIL MEETING

Ed Holland said that staff attended the May 5, 2008 Chapel Hill Town Council meeting in which OWASA had three items on the agenda: a quarterly report on OWASA activities, drought update, and the process that OWASA and the Towns use to determine water shortage status and make shortage declarations. Several Council Members encouraged OWASA not to delay the planned odor elimination improvements at the Mason Farm Wastewater Treatment Plant.

NATURAL RESOURCES TECHNICAL SERVICE (NRTS) COMMITTEE

Alan Rimer stated that an e-mail was sent by Ed Holland to the full Board regarding the NRTS Committee's goals and objectives, and asked Board Members to please inform the Committee about items to be added to the list.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC

Randy Kabrick asked for petitions and requests from the public, Board and staff. There were none.

ITEM THREE: QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDED MARCH 31, 2008

The Board received this report as an information item.

ITEM THREE: MINUTES

Mac Clarke made a motion to approve the Minutes of the March 27, 2008 Board Meeting; the motion was seconded by Gene Pease, and carried by unanimous vote. Please see Motion No. 1 above.

ITEM FOUR: RESOLUTION AUTHORIZING RENEWAL OF PROPERTY, LIABILITY, WORKERS' AND EXCESS LIABILITY AND UMBRELLA LIABILITY INSURANCE POLICIES THROUGH THE NORTH CAROLINA LEAGUE OF MUNICIPALITIES' RISK MANAGEMENT SERVICES

Mac Clarke made a motion to approve the resolution; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 2 above.

ITEM FIVE: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH BLUE CROSS/BLUE SHIELD FOR HEALTH AND DENTAL INSURANCE

Mac Clarke made a motion to approve the resolutions; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 3 and 4 above.

ITEM SIX: PUBLIC COMMENTS ON THE PROPOSED DEFERRAL OF THE ODOR ELIMINATION IMPROVEMENTS AT THE MASON FARM WASTEWATER TREATMENT PLANT

Randy Kabrick said that before the Board receives public comments, Gordon Merklein, Chair of the Budget and Financial Planning Committee (Budget Committee), will make comments regarding the proposed deferral of the Odor Elimination Improvements at the Mason Farm Wastewater Treatment Plant (WWTP).

Mr. Merklein summarized the Committee's deliberations and initial recommendations regarding the draft budget and 15-Year Capital Improvements Program (CIP), and the potential rate increase in October 2008. Mr. Merklein said that two key factors affecting the budget and rate-setting discussions are the projected 13 percent reduction in water sales, and a 40 percent reduction in availability fee revenues compared to projections made last year for FY 2009. To offset the projected revenue reductions and ensure funding for increased operating and maintenance costs and capital improvements, a combined rate increase of about 24 percent would be required. The Committee considered such an increase to be unacceptably high.

The Committee decided that a 12 percent increase, while being higher than previously forecasted for FY 2009, would be more manageable. Significant cuts in the draft operations and maintenance budget, deferral of several capital improvements projects including the odor elimination improvements, and a lower working General Fund balance would be required to limit the increase to 12 percent. The Committee recognized that the potential to defer the odor elimination project is of direct interest to our neighbors near the Mason Farm WWTP, and that is why the Board is seeking the neighbors' comments on the options under consideration.

Mr. Merklein stated that this is only a Committee recommendation at this time, and that the Board would be discussing this option with the Chapel Hill Town Council on May 12, 2008. Prior to taking final action on the budget, CIP and rates for FY 2009, the OWASA Board will receive and consider public comments at the public hearing scheduled for June 12, 2008.

Members of the public were invited to offer their comments to the Board.

Mr. Gary Richman, Highland Woods resident, said that the neighborhood understands the budget difficulties; however they would like the Board to understand the odor situation from the neighborhood's perspective. He said that it has been four years since the OWASA Board adopted a resolution affirming a goal of no objectionable off-site odors from the Mason Farm WWTP.

Over the years, the neighborhood has asked OWASA to state when OWASA will know it has met its commitment to eliminate off-site odor. OWASA and the neighbors struggled to find an answer to this question but OWASA decided it would fulfill its commitment by covering eight of the 16 aeration basins and the primary clarifiers. This commitment to the neighborhood is appreciated even though this work will take eight years to complete since the discussions were initiated. The deferral that OWASA is considering will add three more years, for a total of 11 years, to complete the project; and the neighborhood asks how long is too long to not fulfill a commitment.

Mr. Richman said another concern is final draft report from Ed Kerwin to the Town Council indicating that the odor elimination improvements at the WWTP are a discretionary program that could be deferred. Also of concern to the neighborhood are possible changes in the Board of Directors. He asked what confidence is there for the neighborhood if a future Board will vote differently about a commitment by this Board or a previous Board. He said OWASA should stop adopting resolutions and do the actions that were promised.

Mr. Kabrick said that odor elimination is not discretionary and that OWASA has to satisfy the requirements of the Special Use Permit. OWASA has already spent approximately \$7 million on odor

elimination and the proposed action by OWASA is a possible delay of the remaining 30 percent of the project. The Town Council is supportive of the odor improvements at the WWTP.

Ms. Alice Neebe, Highland Woods resident since 1990, said the smell the first year was unbearable and in order to rent she would have to tell potential tenants with allergies to see their doctor before signing a lease because she is not responsible for OWASA odor. She stated that she smells the WWTP all the time and other Highland Woods residents have said they cannot cook outdoors because of the odor. Ms. Neebe also said that she is worried about her home value and if she should disclose the WWTP odor to potential buyers. She said that consultants are supposed to help the situation by providing a report. She would like to know where they are now; she has not seen any reports on the odor study. Ms. Neebe urged the Board to make good on their commitment to the neighbors.

Mr. Frank Rexford, President of Highland Woods Homeowners' Association, said that Mr. Richman speaks for the neighborhood. Mr. Rexford added that Damon Forney, OWASA's Wastewater Treatment Manager, met with the Homeowners' Association in March and provided an update on the odor situation at the WWTP. He said that Mr. Forney's five minute presentation ended up taking 40 minutes because the residents were so upset with the odors this past winter. Mr. Rexford said odors travel further than their neighborhood; he works on Raleigh Road and can smell the odor there as well, but because there are no residents, there may be no complaints. He feels that while OWASA has completed 70 percent of the work at the WWTP, the additional 30 percent will need to be completed to eliminate odor. He also wondered with the expansion of the WWTP complete, why the odor elimination project is not complete. Mr. Rexford said that while water conservation is good and it is unfortunate that there are budget constraints for OWASA, perhaps the situation OWASA is now in could have been forecasted and handled better. He opposes further delay in completing the odor elimination improvements.

Mr. Merklein disagreed with Mr. Rexford's comment about OWASA's forecasting. He said that OWASA is realistic and conservative in planning, and the Committee held several meetings before deciding to recommend deferral of the odor elimination project.

Mr. Kabrick said it is difficult to forecast the 500-year drought that we currently find ourselves in.

William Stott reiterated Mr. Merklein's comment that there was considerable deliberation on the budget and rates to lessen the impact on our customers.

Ms. Kay Johnson, resident of Highland Woods, inquired what reason could the neighborhood anticipate wherein extraordinary circumstances would again delay OWASA's commitment.

Mac Clarke noted that the current drought is the not the first drought for the region in this decade. In 2001-02, the region suffered from a drought of historical proportions. Customer demand was expected to rebound following a short delay to the previously forecasted demand; however, demand did not rebound after the 2001-02 drought. The current drought suggests that it may take even longer for customer demand to rebound and perhaps the situation could have been anticipated. Mr. Clarke said he could not say what the circumstances would be and that there is uncertainty.

Ms. Johnson asked which odor elimination improvements were and were not funded by OWASA bonds and were a part of the Special Use Permit (SUP) granted by the Town of Chapel Hill.

Mr. Merklein said that bonds funded \$7 million of the odor elimination improvements.

Mr. Clarke said that what was already completed had been previously expected to eliminate odor. The remaining 30 percent was not anticipated and it would need to be funded with future debt or cash. Mr. Clarke also added the SUP has a completion date of 2025.

Robert Epting said that what was anticipated from the beginning was that steps would be taken in series until the odor elimination goal is met. While the most recent study, which was completed by OWASA consultants last year, identified additional odor sources, there were suggestions in early reports that the additional work should be considered. While this is a difficult situation for all involved, OWASA has made it clear from the beginning that odor elimination would have to be completed in steps. It is disappointing that odor elimination is taking longer than had been expected; however, OWASA is working diligently to complete this work.

Mr. Clarke hoped that the neighborhood would agree it is the Board's duty to ratepayers not to make unnecessary capital investments. The Budget Committee is not proposing that OWASA not do the additional improvements, but rather to delay them.

Mr. Jim Ward stated that the neighborhood appreciates the difficult financial situation OWASA is facing; however, for 60 years Highland Woods residents, as well as a growing number of other neighborhoods, have been feeling the pain of the odor at the WWTP. One way to distribute the pain of odor is to get the commitment from the elected officials of the community to require OWASA meet the requirements of the SUP. While the end date of the SUP is 2025, Mr. Ward believes that the Council intended that OWASA will complete the project much sooner. He also stated that OWASA made a commitment to the Highland Woods neighborhood and should fulfill that commitment.

Mr. Clarke said that this project is important and the proposed delay does not indicate that the present Board has abandoned its original commitment.

Alan Rimer said that the Board, Ed Kerwin and staff have worked hard over the last 15 years. The word commitment has been mentioned tonight and that in the past 15 years OWASA has always kept its commitments. The deferral recommendation should be tabled because OWASA is committed; \$7 million has already been spent on odor elimination. He said that if the OWASA bond rating drops, the ratepayers will bear higher interest costs for future bonds.

Mr. Merklein said that many commitments have been broken, especially to our employees; the Board is asking them to work harder and for less. The Board is not funding other items to benefit the public that we said we would do; in order to keep all the commitments OWASA would need to increase rates 25 percent.

Mr. Richman stated that the OWASA Board hoped that what was already spent would fix the odor at the WWTP despite the Hazen and Sawyer report, which said OWASA should cover the aeration

basins. OWASA told the Chapel Hill Town Council if the SUP was granted, OWASA would do whatever it took to fix the odor problem.

Mr. Epting reiterated that OWASA is not stating that it will not complete the odor elimination project. OWASA will complete the project in a series of steps ranked in an order that is most effective until odor elimination completed.

Braxton Foushee said the WWTP has been in the same location for 60 years and Highland Woods has been there 57 years. To raise water and sewer rates 25 percent for the people he represents is not acceptable.

Mr. Ward said that at the same time the rates are going up, water consumption is going down.

Mr. Stott said the odor elimination commitment has remained since it was made; the project will be done – the only discretion is how to fund it.

Mr. Ward said he did not care where OWASA finds the money, but to find the money to complete the project.

Gene Pease told the Board that he felt good about the Budget Committee's work on the budget process although not good about all the cuts that were made in the budget. However, the day after the Committee meeting, he reflected that he got involved in community activity because promises made to his neighborhood were not kept. He said what bothered him was his decision on the Budget Committee – was it the right decision or should the rates be increased even more to keep the promises that were made not only to the Highland Woods but also the employees? He said he is unsure of what the rate increase should be but will be able to make a decision in the month to come.

Mr. Rimer said he agreed with Mr. Pease's comments.

Marge Anders Limbers said she started on the Board following the commitment that OWASA made to the neighborhood, and believes it is important to keep that commitment although it is a difficult decision for the Board.

Fred Battle asked how many homes are in the Highland Woods community.

Mr. Ward said that there are 26 homes in Highland Woods but the odor impact is greater than just that neighborhood because there are other nearby developments that are affected by the odor.

Mr. Kabrick recommended that the Budget Committee meet again on Thursday, May 15, 2008 at 5:00 PM in the OWASA Boardroom to better understand the rate and funding options, and to make a recommendation to the full Board at the May 22, 2008 meeting. The Board agreed with this recommendation. The Board invited the public to attend the Budget and Financial Planning Committee meeting.

Mr. Stott thanked the public for attending the meeting and for their comments this evening.

Mr. Foushee also said that he understood that the neighborhood would not like his position on rates, but he would not be true to the people he represents by voting for a 25 percent rate increase.

ITEM SEVEN: RESOLUTION SETTING THE DATE OF JUNE 12, 2008 FOR A PUBLIC HEARING ON THE PROPOSED OWASA BUDGET FOR FISCAL YEAR (FY) 2008-2009 AND ON THE DRAFT CAPITAL IMPROVEMENTS PROGRAM FOR FY 2009-2023 INCLUDING A FIVE-YEAR CAPITAL IMPROVEMENTS BUDGET FOR FY 2009-2013

Gene Pease made a motion to approve the resolution; the motion was seconded by Fred Battle and unanimously approved. Please see Motion No. 5 above.

ITEM EIGHT: RESOLUTION SETTING THE DATE OF JUNE 12, 2008 FOR A PUBLIC HEARING ON THE PROPOSED REVISIONS OF WATER, SEWER AND RECLAIMED WATER RATES, FEES, AND CHARGES

Gene Pease made a motion to approve the resolution; the motion was seconded by Alan Rimer and unanimously approved. Please see Motion No. 6 above.

ITEM NINE: STATUS REPORT ON WATER SUPPLY AND DEMAND

The Board received this report as an information item.

ITEM TEN: APPOINTMENT OF THE NOMINATING COMMITTEE

The Board agreed that the following Board Members would consist of the Nominating Committee:

- Mac Clarke, Chair
- Marge Anders Limbert
- William Stott

The election of officers will occur at the Board's June 12, 2008 meeting. Mac Clarke said that any Board Members who wish to be considered for a position should let the Committee know as soon as possible.

There being no further business to come before the Board, the meeting was adjourned at 8:34 P.M.

RESOLUTION AUTHORIZING RENEWAL OF PROPERTY, LIABILITY, WORKERS' COMPENSATION, INLAND MARINE, AUTOMOBILE, BOILER AND MACHINERY, CRIME, EXCESS LIABILITY AND UMBRELLA LIABILITY INSURANCE POLICIES THROUGH THE NORTH CAROLINA LEAGUE OF MUNICIPALITIES RISK MANAGEMENT SERVICES

WHEREAS, Property, Liability, Inland Marine, Automobile, Boiler and Machinery, Crime, Workers' Compensation, Excess Liability and Umbrella Liability insurance policies in effect for Orange Water and Sewer Authority will expire on June 30, 2008; and

WHEREAS, Section 7.07 of the Bond Order and prudent business practice dictate that Orange Water and Sewer Authority maintain a practical insurance program which will afford adequate protection against damage to, or destruction of, the Water and Sewer System; and

WHEREAS, Section 7.07 of the Bond Order and prudent business practice dictate that Orange Water and Sewer Authority maintain such comprehensive public liability insurance for bodily injury and property damage resulting from the operation of the Water and Sewer System as OWASA deems to be adequate;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors of Orange Water and Sewer Authority awards the renewal of Property, Liability, Workers' Compensation, Inland Marine, Automobile, Boiler and Machinery, Crime, Excess Liability and Umbrella Liability Insurance coverage to The North Carolina League of Municipalities Risk Management Services for one year beginning July 1, 2008 and ending June 30, 2009, in an amount not to exceed \$300,000, subject to normal audit adjustments.

2. That the Executive Director be, and he hereby is, authorized and directed to renew the above stated insurance policies.

Adopted this 8th day of May, 2008.

**RESOLUTION AUTHORIZING THE RENEWAL OF THE MEDICAL INSURANCE
CONTRACT WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA**

WHEREAS, to adequately and appropriately provide health and hospital insurance coverage for Orange Water and Sewer Authority (OWASA) employees, it is desirable to continue with group insurance program as proposed by Blue Cross Blue Shield (BCBS) of North Carolina; and

WHEREAS, it is determined that BCBS offers excellent health care; and

WHEREAS, the existing health insurance contract with United Healthcare will expire on June 30, 2008;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors approves continued participation by all full-time employees in the health plan offered through BCBS in accordance with provisions of the plan.
2. That OWASA pay the full employee premium of the health care plan and 50 percent of dependent costs.
3. That the Executive Director is hereby authorized and directed to execute the contract with BCBS.
4. That the term of the above insurance coverage shall be for a period of twelve months beginning July 1, 2008.

Adopted this 8th day of May 2008.

**RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO
EXECUTE CONTRACT WITH BLUE CROSS BLUE SHIELD
OF NORTH CAROLINA FOR DENTAL INSURANCE**

WHEREAS, to provide adequate and appropriate dental insurance coverage for Orange Water and Sewer Authority (OWASA) employees, it is desirable to continue with the dental insurance plan offered by Blue Cross Blue Shield (BCBS) of North Carolina; and

WHEREAS, dental insurance has been provided to employees since July 1, 1988 with OWASA making the payment of the individual premium and supplementing dependent coverage by 40 percent; and

WHEREAS, BCBS provided quality dental service to OWASA for many years; and

WHEREAS, the existing dental insurance contract with United Healthcare expires on June 30, 2008;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors approves continued participation in the Dental Plan offered through BCBS for all full-time OWASA employees.
2. That OWASA pay the full employee dental premium and 40 percent of dependent costs.
3. That the Executive Director is hereby authorized and directed to execute the contract with BCBS.
4. That the term of the above insurance coverage shall be for a period of twelve months beginning July 1, 2008.

Adopted this 8th day of May 2008.

RESOLUTION SETTING THE DATE OF JUNE 12, 2008 FOR A PUBLIC HEARING ON THE PROPOSED OWASA BUDGET FOR FISCAL YEAR 2008-2009 AND ON THE CAPITAL IMPROVEMENTS PROGRAM FOR FISCAL YEARS 2009-2023 INCLUDING A FIVE-YEAR CAPITAL IMPROVEMENTS BUDGET FOR FISCAL YEARS 2009-2013

WHEREAS, Section 159-12 of the General Statutes of North Carolina requires a Public Hearing on the budget for the ensuing fiscal year; and

WHEREAS, in accordance with Section 7.05 of the Bond Order, and Section 159-13 of the General Statutes of North Carolina, the Board of Directors of Orange Water and Sewer Authority shall adopt an Annual Budget for the Fiscal Year 2008-2009 on or before the first day of July, 2008; and

WHEREAS, said Preliminary Budget will be placed with the Clerk to the Board and will be available for public inspection;

NOW, THEREFORE, BE IT RESOLVED:

1. That a Public Hearing is hereby set for Thursday, June 12, 2008, at 7:00 P.M., in the Orange Water and Sewer Authority Community Room, for the purpose of receiving public comment on the proposed operating budget for Fiscal Year 2008-2009, and on the Capital Improvements Program for Fiscal Years 2009-2023, including a five-year Capital Improvements Budget for Fiscal Years 2009-2013.

2. That the general public, customers of Orange Water and Sewer Authority, the Trustee, any Holder of Bonds, and any other interested person may appear in person, or by agent or attorney, and present any comments they may have regarding the proposed budget.

3. That notice of the time and place of the Public Hearing shall be advertised and mailed at least ten days prior to the date fixed above for the Public Hearing to the University of North Carolina at Chapel Hill, and to the Towns of Chapel Hill and Carrboro and to Orange County.

4. That the Resolution Setting Date of May 22, 2008 for a Public Hearing on the Proposed OWASA Budget for Fiscal year 2008-2009 and the Capital Improvements Program for Fiscal Years 2009-2023 Including a Five-year Capital Improvements Budget for Fiscal Years 2009-2013 adopted April 10, 2008 is now and hereby rescinded.

Adopted this 8th day of May, 2008.

**RESOLUTION SETTING THE DATE OF JUNE 12, 2008 FOR A PUBLIC HEARING
ON PROPOSED REVISIONS TO WATER, SEWER AND RECLAIMED WATER
RATES, FEES AND CHARGES**

WHEREAS, current-year fiscal performance and revised demand projections indicate the need for additional revenue in Fiscal Year 2009 to provide sufficient financial resources to recover the cost of ongoing operations, pay for capital improvements, and provide sufficient financial resources to ensure sustainable fiscal strength and stability; and

WHEREAS, Section 162A-6 of the General Statutes of North Carolina and Section 7.04 of the Amended and Restated Bond Order adopted September 13, 2001, provide for the revision of such rates, fees and charges;

NOW, THEREFORE, BE IT RESOLVED:

1. That a Public Hearing is hereby set for Thursday, June 12, 2008 at 7:00 P.M., in the Orange Water and Sewer Authority Community Room, for the purpose of receiving public comment on the proposed adjustments to Orange Water and Sewer Authority's rates, fees and charges.

2. That the general public, the University of North Carolina at Chapel Hill, governmental entities, customers of Orange Water and Sewer Authority, and any other interested person may appear in person, or by agent or attorney, to present comments on the proposed modifications to the current schedule of rates, fees and charges.

3. That notice of the time and place of the Public Hearing shall be advertised and shall be mailed at least ten days prior to the date fixed above for the Public Hearing to the University of North Carolina at Chapel Hill, Town of Carrboro, Town of Chapel Hill, and Orange County.

4. That the Resolution Setting May 22, 2008 as the Date for a Public Hearing on Proposed Revisions to Water and Sewer Rates, Fees and Charges is now and hereby rescinded.

Adopted this 8th day of May, 2008.