

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

AUGUST 28, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, August 28, 2008, at 7:00 P.M., at the Chapel Hill Town Hall.

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

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Gwen Burston; Stuart Carson; Greg Feller; Ed Holland; Heidi Lamay; 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; and Evan Rose, Daily Tar Heel.

There being a quorum present, Vice Chair Gordon Merklein called the meeting to order.

MOTIONS ACTED UPON

1. Alan Rimer made a motion to adopt the Minutes of the May 8, 2008 Board meeting; the motion was seconded by Fred Battle and unanimously approved.

2. Alan Rimer made a motion to adopt the Minutes of the May 22, 2008 Board meeting; the motion was seconded by Fred Battle and unanimously approved.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Designating Depositories, Establishing Accounts and Designating Signatories for Accounts of Orange Water and Sewer Authority." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Fred Battle, and unanimously approved.)

4. Fred Battle made a motion that the Board convene in a closed session for the purpose of discussing an issue that may lead to litigation and instructing General Counsel and staff regarding terms of a potential real estate transaction; the motion was seconded by Mac Clarke and unanimously approved.

ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Gordon Merklein 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.

WASTEWATER COLLECTION, TREATMENT AND RECYCLING ANNUAL REPORT

Greg Feller said that a Wastewater Collection, Treatment and Recycling brochure for fiscal year 2007-08 has been distributed to the Board and OWASA customers.

HEIDI LAMAY

Kevin Ray introduced OWASA's new Finance Manager, Ms. Heidi Lamay.

ITEM TWO: PETITIONS AND REQUESTS

Gordon Merklein asked for petitions and requests from the public, the Board and staff; there were none.

ITEM THREE: SEMI-ANNUAL REPORT ON CONTRACTOR AND CONSULTANT PERFORMANCE

The Board received this report as an information item.

ITEM FOUR: ANNUAL REPORT ON EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

The Board received this report as an information item.

ITEM FIVE: ANNUAL REPORT ON EMPLOYEE RECOGNITION AND SUGGESTIONS

The Board received this report as an information item.

ITEM SIX: ANNUAL REPORT ON PERFORMANCE MEASUREMENTS

Mac Clarke requested that this report be abbreviated and suggested that it might be referred to the Human Resources Committee to satisfy the needs of the Board and staff.

Alan Rimer said there is a lot of value in this report and OWASA should use it to set benchmarks when revamping the Executive Director's performance measures.

ITEM SEVEN: ANNUAL REPORT ON EMERGENCY WATER LOSS ADJUSTMENTS OF BILLING CHARGES TO CUSTOMER ACCOUNTS

Mac Clarke requested that the emergency water loss policy be revisited and possibly modified.

ITEM EIGHT: ANNUAL REPORT ON DISPOSAL OF SURPLUS PERSONAL PROPERTY

The Board received this report as an information item.

ITEM NINE: ANNUAL REPORT ON THE TASTE OF HOPE PROGRAM

Mac Clarke suggested additional consideration be given to the Taste of Hope Program in two ways: possibly round up to the nearest \$5 and evaluate establishing a mechanism like the Duke Power Foundation program, in which monetary customers' gifts are tax deductible.

ITEM TEN: MINUTES

Alan Rimer made a motion to approve the Minutes of the May 8, 2008 Board Meeting; the motion was seconded by Fred Battle, and carried by unanimous vote. Please see Motion No. 1 above.

Alan Rimer made a motion to approve the Minutes of the May 22, 2008 Board Meeting; the motion was seconded by Mac Clarke, and carried by unanimous vote. Please see Motion No. 2 above.

ITEM ELEVEN: RESOLUTION DESIGNATING DEPOSITORIES, ESTABLISHING ACCOUNTS, AND DESIGNATING SIGNATORIES FOR ACCOUNTS OF ORANGE WATER AND SEWER AUTHORITY

Alan Rimer made a motion to approve the resolution; the motion was seconded by Fred Battle and unanimously approved. Please see Motion No. 3 above.

ITEM TWELVE: PROPOSED CHANGES TO WATER CONSERVATION STANDARDS AND COMMUNICATIONS PLAN

The Board concurred with the Natural Resources and Technical Systems (NRTS) Committee's recommendation to authorized staff to distribute and seek public comments on proposed changes to OWASA's water conservation standards. After comments are received, the NRTS Committee and staff will evaluate them and return to the Board with further recommendations.

ITEM THIRTEEN: WATER SUPPLY AND DEMAND UPDATE

The Board received this report as an information item. OWASA's reservoirs are 79% full, up from 70% full earlier this week, due to recent rain from the remnants of Tropical Storm Fay.

ITEM FOURTEEN: MONTHLY REPORT OF DROUGHT IMPACT ON REVENUES, COSTS, AND DEBT SERVICE

The Board received this report as an information item.

ITEM FIFTEEN: CLOSED SESSION

Fred Battle made a motion that the Board convene in a closed session for the purpose of:

- a) discussing an issue that may lead to litigation; and
- b) instructing Counsel and staff regarding terms of a potential real estate transaction.

The motion was seconded by Mac Clarke and unanimously approved. Please see Motion No. 4 above.

There being no further business to come before the Board, the meeting was adjourned at 7:40 P.M.

Enclosures

**RESOLUTION DESIGNATING DEPOSITORIES, ESTABLISHING ACCOUNTS, AND
DESIGNATING SIGNATORIES FOR ACCOUNTS OF ORANGE WATER AND
SEWER AUTHORITY**

WHEREAS, on October 13, 2005, the Board of Directors adopted Resolution Designating Depositories, Establishing Accounts, and Designating Signatories for Accounts of Orange Water and Sewer Authority; and

WHEREAS, this resolution identifies authorized signatories by title; and

WHEREAS, the title of the Accounting Manager has been changed to Finance Manager; and

WHEREAS, North Carolina General Statute 159-28.1 authorizes the use of facsimile signatures for signing drafts and checks; and

WHEREAS, the use of digital signatures will add significant efficiencies to the accounts payable process;

NOW, THEREFORE, BE IT RESOLVED:

1. That the following depositories are hereby authorized and requested to honor and to charge to Orange Water and Sewer Authority, checks, drafts, and other orders for the payment of money drawn in the name of Orange Water and Sewer Authority against funds of Orange Water and Sewer Authority on deposit at the various depositories of Orange Water and Sewer Authority:

Bank of America
Branch Banking & Trust Company (BB&T)
Gateway Bank & Trust Company
Mechanics and Farmers Bank
Mellon Bank of New York Trust Company
North Carolina Capital Management Trust
Wachovia Bank and Trust Company

2. That the Finance Officer and Deputy Finance Officers are each authorized to open deposit, savings, checking, and investment accounts in the name of Orange Water and Sewer Authority and to endorse checks and orders for the payment of money and withdraw funds from Orange Water and Sewer Authority accounts on deposit with each of the banks designated herein, all for the benefit and use of Orange Water and Sewer Authority.

3. That the Executive Director and the Finance Manager are hereby individually designated as Deputy Finance Officers, all for the purposes and in accordance with the provisions of G.S. 159-25(a).

4. That the following Officers and Officials are designated as officials of Orange Water and Sewer Authority to countersign checks on behalf of Orange Water and Sewer Authority where two signatures are required pursuant to G.S. 159-25(b), to wit: the Executive Director, the Secretary to the Board, the General Manager of Operations, and the Finance Manager.

5. That the following Officers and Officials are authorized to sign checks on behalf of Orange Water and Sewer Authority where one signature is required, to wit: the Finance Officer, the Executive Director, the Secretary to the Board, and the Finance Manager.

6. That the Finance Officer, the Executive Director, the Secretary to the Board, the General Manager of Operations, and the Finance Manager, are authorized and empowered to execute signature cards and such other documents as may be required by the depositories to implement this resolution.

7. That in accordance with G.S. 159-25(b), two signatures shall be required on all checks except payroll drafts and transfers between accounts.

8. That the Treasurer be, and hereby is, directed to furnish to the various depositories of Orange Water and Sewer Authority such number of copies of this resolution as the depositories may require.

9. That the use of digitally imprinted facsimile signatures is authorized for signing checks and drafts.

10. That all resolutions heretofore adopted designating depositories for funds of Orange Water and Sewer Authority and/or persons authorized to sign on OWASA's accounts are repealed.

Adopted this 28th day of August, 2008.

ORANGE WATER AND SEWER AUTHORITY
CLOSED SESSION OF THE BOARD OF DIRECTORS

AUGUST 28, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in closed session following the Board meeting on Thursday, August 28, 2008, in the First Floor Conference Room at Chapel Hill Town Hall.

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

Others present: Ed Kerwin, Executive Director, Ed Holland, Director of Planning and Robert Epting, General Counsel, Orange Water and Sewer Authority.

ITEM ONE

The Board of Directors met in Closed Session for the purpose of discussing an issue that may lead to litigation and instructing General Counsel and staff regarding terms of a potential real estate transaction.

No official action was taken at the meeting.