

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

OCTOBER 23, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, October 23, 2008, at 7:00 P.M., at the Chapel Hill Town Hall.

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

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Stuart Carson; Patrick Davis; Ed Holland; Vishnu Gangadharan; Heidi Lamay; Andrea Orbich; Kevin Ray; Jane Showerman; and Robert Epting, Esq., Epting and Hackney.

Others present: Ray DuBose, Director of Energy Services and Ben Poulson, Associate Director of Energy Services, University of North Carolina at Chapel Hill; Lisa Young, Chapel Hill Herald; Thom Limbert, Chapel Hill resident; and Butch Kisiah, Director of the Parks and Recreation, Town of Chapel Hill.

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

MOTIONS ACTED UPON

1. Alan Rimer made a motion to adopt the Minutes of the August 28, 2008 Board meeting; the motion was seconded by Gene Pease and unanimously approved.

2. Alan Rimer made a motion to adopt the Minutes of the September 11, 2008 Board meeting; the motion was seconded by Gene Pease and unanimously approved.

3. Alan Rimer made a motion to adopt the Minutes of the September 25, 2008 Closed Session of the Board of Directors for the purpose of discussing human resources matter; the motion was seconded by Gene Pease and unanimously approved.

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Adopting an Identity Theft Policy for Orange Water and Sewer Authority." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Gene Pease, and unanimously approved.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Participation in the North Carolina Local Government

Debt Set-Off Program and Authorizing Execution of Relate Agreements and Other Documents.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Gene Pease, and unanimously approved.)

6. Gordon Merklein made a motion that staff proceed with the bid advertisement and initiate the bidding process for the Phase II Odor Elimination Project at the Mason Farm Wastewater Treatment Plant; the motion was seconded by Alan Rimer and approved by a vote of seven to one with Braxton Foushee opposing.

7. Alan Rimer made a motion to send the letter as amended to Orange County regarding the County’s consideration of locating a solid waste transfer station on OWASA land now used for recycling of biosolids; the motion was seconded by Gordon Merklein and unanimously approved.

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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.

MARGE ANDERS LIMBERT

Randy Kabrick presented a resolution of appreciation to Ms. Marge Anders Limbert, former Member of the OWASA Board of Directors, for serving on the OWASA Board.

FINANCE COMMITTEE MEETING

Gordon Merklein said that the Finance Committee meet before the Board meeting to review the first quarter fiscal year performance which will be presented to the Board at the next Board meeting. The Committee also discussed and agreed to recommend moving forward on the odor elimination improvements.

The Finance Committee will meet on be November 13, 2008 to discuss revisions to the draft Strategic Financial Planning and Management Document.

RECREATION AT OWASA’S LAKES

John Greene said that the 2008 recreation season at University Lake and the Cane Creek Reservoir will end on Sunday, November 11, 2008. The 2009 recreation season will begin in late March 2009.

EMPLOYEE SERVICE AWARDS

Ed Kerwin said that it is an honor to acknowledge our employees who have reached service milestones at OWASA. The following employees received service awards:

- 10-Year: Roy Bryant, Jimmy Bullis*, Michael Christie Sam*, Thomasina Farrow, Jacqueline Mills, Jeffrey Morris and Ted Shaffer
- 15-Year: Jed Clarke, Ronald Williams, Thurman Green*, Oleg Mikhaylyants* and Donnie Nolf*
- 20-Year: Kelly Chapman*, Steve Graves, and Kevin Ray*
- 25-Year: Rita Jones and James Weaver*
- 30 Years: Walter Gottschalk*
- 35 Years: Ted Blake*

* These employees attended the Board of Directors' meeting and were recognized by their supervisors and the Board.

On behalf of the Board of Directors, Randy Kabrick thanked all employees for their service and hard work.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC

Randy Kabrick asked for petitions and requests from the public; there were none.

ITEM THREE: PETITIONS AND REQUESTS FROM THE BOARD

Randy Kabrick asked for petitions and requests from the Board; there were none.

ITEM FOUR: PETITIONS AND REQUESTS FROM STAFF

Ed Kerwin requested that the Board discuss later in the meeting a draft letter from Randy Kabrick to the Chair of the Orange County Board of Commissioners regarding their consideration of OWASA land as a possible site for a solid waste transfer station site.

ITEM FIVE: MINUTES

Alan Rimer made a motion to adopt the Minutes of the August 28, 2008 Board meeting; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 3 above.

Alan Rimer made a motion to adopt the Minutes of the September 11, 2008 Board meeting; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 2 above.

Alan Rimer made a motion to adopt the Minutes of the September 25, 2008 Closed Session of the Board of Directors for the purpose of discussing human resources matter; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 3 above.

ITEM SIX: RESOLUTION ADOPTING AN IDENTITY THEFT POLICY FOR ORANGE WATER AND SEWER AUTHORITY

Alan Rimer made a motion adopt the resolution; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 4 above.

ITEM SEVEN: RESOLUTION AUTHORIZING PARTICIPATION IN THE NORTH CAROLINA LOCAL GOVERNMENT DEBT SET-OFF PROGRAM AND AUTHORIZING EXECUTION OF RELATED AGREEMENTS AND OTHER DOCUMENTS

Alan Rimer made a motion adopt the resolution; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 5 above.

ITEM EIGHT: REQUEST FOR BOARD APPROVAL TO PROCEED WITH ADVERTISEMENT (INITIATION OF THE BIDDING PROCESS FOR THE PHASE II ODOR ELIMINATION PROJECT)

Gordon Merklein made a motion that staff proceed with the advertisement and initiate the bidding process for Phase II Odor Elimination Project; the motion was approved with a vote of seven to one with Braxton Foushee opposing. Please see Motion No. 6 above.

ITEM NINE: PROPOSED CHANGES TO OWASA'S WATER CONSERVATION STANDARDS

Alan Rimer reported on the proposed changes in the conservation standards as developed by the Board's Natural Resources and Technical Systems (NRTS) Committee and staff. The proposed changes, which are designed to give customers more flexibility in the context of OWASA's conservation rates and water shortage surcharges, will be submitted to the Towns of Chapel Hill and Carrboro and Orange County for their consideration and feedback.

Ray DuBose, Director of Energy Services, University of North Carolina at Chapel Hill, said that the University supports the proposed changes and looks forward to working with OWASA in the future.

Butch Kisiah, Chapel Hill Director of the Parks and Recreation, supported the proposed changes and commended the OWASA's staff professionalism.

Joyce Preslar said that she received a request from Ms. Heather Payne requesting that customers be allowed to fill ornamental fountains during a Stage Two Water Shortage, because they are an important water source for wildlife.

Ed Kerwin said that for the record he would like to acknowledge not only the letter from Ms. Payne, but the additional correspondence from Doug Chapman, Co-Chair of the North Carolina Green Industry Council, and emails from Mark Peters and Jim Baker. He suggested deferring the consideration of any additional changes to the Conservation Standards until after the Board receives feedback from the Towns and County.

The Board unanimously supported the proposed changes in the water conservation standards and agreed to further consider customers' comments after receiving feedback from the local governing boards. The Board requested that ornamental fountains be flagged and reconsidered prior to final approval. The OWASA Board will take final action on the proposed water conservation standards at a future date after discussions with the local governing boards.

ITEM TEN: ANNUAL REVIEW AND UPDATE OF STRATEGIC TRENDS AND MASTER PLAN ISSUES

Ed Holland made a presentation on the annual review and update of Strategic Trends and Master Plan Issues.

Gordon Merklein asked if the increased nutrient loading of the wastewater treatment plant implied a new capital improvement project, and if so, what the time frame might be.

Ed Holland said that there are indeed capital implications of this trend. A special Rerating and Optimization Study of the wastewater treatment plant, programmed in the CIP for FY 2010, will provide additional information about the plant's capacity and limitations and the likely timing of the next major capital project.

Gene Pease said there was no mention of Carolina North and he wondered what the conservation assumptions will be and how can OWASA forecast usage.

Mr. Holland said that OWASA's demand projections have included a "place-holder" estimate of 1.6 million gallons per day for Carolina North, which will develop gradually over the next 50 years. The 1.6 million gallons per day is consistent with the University's preliminary estimates for Carolina North, but will likely be revised as development plans become more specific.

Mac Clarke asked when will there be some determination of regulatory changes for land application of biosolids.

Mr. Holland said it was not yet clear what, if any changes, the Jordan Lake rules will have on the land application of biosolids.

Joyce Preslar asked if there were provisions for increasing the customer base as far as areas of annexing the service area.

Mr. Holland said no, OWASA's services follow the Urban Service Area Agreement.

ITEM ELEVEN: VERBAL STATUS REPORT ON BOARD COMMITTEE GOALS AND OBJECTIVES

The Board's Committee Chairs provided the following status reports on their discussion of organizational goals and objectives as part of OWASA's strategic planning process:

Community Outreach: Committee Chair Gene Pease said the Committee has met twice, and has established its first goal: communicating better what OWASA is and what we do. The Committee and staff will do a gap analysis of where we are and where we would like to be, and staff will survey best practices in communications by other public and semi-public organizations. The Committee has agreed that OWASA's communications plan should focus on four customer sectors: businesses, residents, University and other institutions. The Committee's next meeting will be on January 22nd.

Finance: Committee Chair Gordon Merklein said that the Committee met several times and financial issues are being discussed. The Committee will review quarterly financial reports and monitor trends; another goal is to review and prepare revisions to the Strategic Financial Planning and Management Document.

Human Resources: Committee Chair Braxton Foushee said the Committee met twice and discussed a plan to develop a more diverse pool of contractors for bidding; developing a staff survey on the level of employees' satisfaction with fringe benefits; a self assessment for the annual review process; looking for ways to broaden the application pool through various community outreach projects; and implementing a plan for upper school students to participate in a shadow day in an effort to bring more awareness of what OWASA has to offer for employment.

Natural Resources and Technical Systems: Committee Chair Alan Rimer said that the Committee met twice to focus on the proposed water conservation standards and that the Committee plans to meet in November (or at a convenient time for the Committee members and staff) to focus on short- and long-term issues including the water supply master plan update, biosolids, and longer term issues related to both treatment plants.

ITEM TWELVE: ORANGE COUNTY TRANSFER STATION CORRESPONDENCE

Ed Kerwin provided the Board a draft letter to Orange County regarding the County's consideration of locating a solid waste transfer station on OWASA land now used for recycling of biosolids near Orange Grove Road west of Carrboro.

After extensive discussion, the Board unanimously approved a motion by Alan Rimer, seconded by Gordon Merklein (see Motion 7 above), to send the letter in the following form:

October 24, 2008

*Barry Jacobs, Chair
Orange County Board of Commissioners
Post Office Box 8181
Hillsborough, North Carolina 27278*

SUBJECT: ORANGE COUNTY TRANSFER STATION SITING

Dear Chair Jacobs:

At our October 23rd meeting, the OWASA Board discussed the recent action by the Orange County Board of County Commissioners (BOCC) to short-list our property along Route 54 near Orange Grove Road (Site #759) as a potential site for a solid waste transfer station.

The OWASA Board wishes to advise the BOCC that this is not surplus property and it already serves an important public purpose as part of our biosolids management program. In fact, we continue to search for additional suitable sites for our biosolids program. For this reason, the OWASA Board requests that our site be removed from further consideration.

However, if the County, in consultation with the Towns of Chapel Hill and Carrboro, ultimately determines that the OWASA property is the only location for the transfer station, we will carefully consider the County's request.

Best regards,

*Randy Kabrick, P.E., Chair
Orange Water and Sewer Authority*

*c: Mayor Mark Chilton, Town of Carrboro
Mayor Kevin Foy, Town of Chapel Hill
Ms. Laura Blackmon, Orange County Manager
Mr. Roger Stancil, Chapel Hill Town Manager
Mr. Steven Stewart, Carrboro Town Manager
OWASA Board of Directors
Ed Kerwin, OWASA Executive Director*

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There being no further business to come before the Board, the meeting was adjourned at 9:22 P.M.

Enclosures

RESOLUTION ADOPTING AN IDENTITY THEFT POLICY FOR ORANGE WATER AND SEWER AUTHORITY

WHEREAS, 16 CFR section 681.2 and Section 114 of the Fair and Accurate Credit Transactions Act of 2003 requires that all financial institutions and creditors have a written Identity Theft Prevention Program, approved by the company's board of directors, and implemented by November 1, 2008: and

WHEREAS, Orange Water and Sewer Authority is committed to providing good and adequate services to its utility customers, protecting the public against fraud and abuse; and

WHEREAS, Orange Water and Sewer Authority wishes to adopt a policy to protect the public against identity theft relating to its utility accounts;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ORANGE WATER AND SEWER AUTHORITY:

1. Orange Water and Sewer Authority hereby adopts the Identity Theft Prevention Policy attached hereto as Exhibit "A".

2. The effective date of this policy shall be November 1, 2008.

Adopted this 23rd day of October, 2008.

Orange Water and Sewer Authority

Identity Theft Prevention Program Policy

Effective November 1, 2008

I. PROGRAM ADOPTION

Orange Water and Sewer Authority (OWASA/the Utility) has developed this “Identity Theft Prevention Program” pursuant to the Federal Trade Commission’s “Red Flags Rule”, which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003. 16 .C.F.R. 681.2. This program was developed by the Identity Theft Committee, which is led by the Program Administrator and comprised of members from Customer Service, Finance, Human Resources and Business Information Services. After consideration of the size and complexity of OWASA’s operations, and the nature and scope of the Utility’s activities, the Identity Theft Committee determined that this Program was appropriate for Orange Water and Sewer Authority, and therefore The Board of Directors approved this Program on October 23, 2008.

II. PROGRAM PURPOSE AND DEFINITION

A. **Fulfilling requirements of the Red Flags Rule**

Under the Red Flag Rule, every financial institution and creditor is required to establish an Identity Theft Prevention Program tailored to its size, complexity and the nature of its operation. Each program must contain reasonable policies and procedures to:

1. Identify relevant Red Flags for new and existing covered accounts and incorporate those Red Flags into the Program;
2. Detect Red Flags that have been incorporated into the Program;
3. Respond appropriately to any Red Flags that are detected to prevent and mitigate Identity Theft; and
4. Ensure the program is updated periodically, to reflect changes in risks to customers or the creditor from identify theft.

B. **Red Flags Rule definitions used in this Program**

The Red Flags Rule defines identity theft as “fraud committed using the identifying information of another person” and a Red Flag as a pattern, practice, or specific activity that indicates the possible existence of identity theft.

According to the Rule, a utility is a creditor subject to the Rule requirements. The Rule defines creditors “to include finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies. Where non-profit and government entities defer payment for goods or services, they too, are to be considered creditors.”

All the Utility's accounts that are individual or industrial are covered by the Rule. Under the Rule, a "covered account" is:

1. Any account the Utility offers or maintains primarily for personal, family or household purposes, that involves multiple payments or transactions; and
2. Any other account the Utility offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the Utility from identity theft.

"Identifying information" is defined under the Rule as "any name or number that may be used, alone or in conjunction with any other information, to identify a specific person," including: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, unique electronic identification number, computer's internet protocol address, or routing code.

III. IDENTIFICATION OF RED FLAGS

In order to identify relevant Red Flags, the Utility must consider the types of accounts that it offers and maintains, the methods it provides to open its accounts, the methods it provides to access its accounts, and its previous experiences with identity theft. The Utility should identify the following Red Flags, in each of the listed categories:

A. **Notifications and Warnings from Credit Reporting Agencies**

1. Report of fraud accompanying a credit report;
2. Notice or report from a credit agency of a credit freeze on a customer or applicant;
3. Notice or report from a credit agency of an active duty alert for an applicant; and
4. Indication from a credit report of activity that is inconsistent with a customer's usual pattern or activity.

B. **Suspicious Documents**

1. Identification document or card that appears to be forged, altered or inauthentic;
2. Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document;
3. Other document with information that is not consistent with existing customer information (such as if a person's signature on a check appears forged); and

4. Application for service that appears to have been altered or forged.

C. Suspicious Personal Identifying Information

1. Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates);
2. Identifying information presented that is inconsistent with other sources of information (for instance, and address not matching an address on a credit report);
3. Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
4. Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
5. Social Security number presented that is the same as one given by another customer;
6. An address or phone number presented that is the same as that of another person;
7. A person fails to provide complete personal identifying information on an application when reminded to do so (however, by law social security numbers must not be required); and
8. A person's identifying information is not consistent with the information that is on file for the customer.

D. Suspicious Account Activity or Unusual Use of Account

1. Change of address for an account followed by a request to change the account holder's name;
2. Payments stop on an otherwise consistently up-to-date account;
3. Account used in a way that is not consistent with prior use (example: very high activity);
4. Mail sent to the account holder is repeatedly returned as undeliverable;
5. Notice to the Utility that a customer is not receiving mail sent by the Utility;
6. Notice to the Utility that an account has unauthorized activity;
7. Breach in the Utility's computer system security; and
8. Unauthorized access to or use of customer account information.

E. Alerts from Others

Notice to the Utility from a customer, identity theft victim, law enforcement or other person that it has opened or is maintaining a fraudulent account for a person engaged in Identity Theft.

IV. DETECTING RED FLAGS

A. New Accounts

In order to detect any of the Red Flags identified above associated with the opening of a new account, Utility personnel will take the following steps to obtain and verify the identity of the person opening the account:

1. Require certain identifying information such as name, date of birth, residential or business for an entity, driver's license or other identification;
2. Verify the customer's identity (for instance, review a driver's license or other identification card);
3. Review documentation showing the existence of a business entity; and
4. Independently contact the customer.

B. Existing Accounts

In order to detect any of the Red Flags identified above for an existing account, Utility personnel will take the following steps to monitor transactions with an account:

1. Verify the identification of customers if they request information (in person, via telephone, via facsimile, via email);
2. Verify the validity of requests to change billing addresses; and
3. Verify changes in banking information given for billing and payment purposes.

C. Employee Data

In order to detect any of the Red Flags identified above for new employee, Utility personnel will take the following steps to monitor:

1. Require certain identifying information such as name, date of birth, residential or business for an entity, driver's license or other identification;

2. Verify the employee's identity (for instance, review a driver's license or other identification card); and
3. Conduct reference checks, driving record review, social security verifications and criminal background checks and verify information against what was presented by the employee.

V. PREVENTING AND MITIGATING IDENTITY THEFT

In the event Utility personnel detect any identified Red Flags, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the Red Flag:

1. Continue to monitor an account for evidence of Identity Theft;
2. Contact the customer;
3. Change any passwords or other security devices that permit access to accounts;
4. Not open a new account;
5. Close an existing account;
6. Reopen an account with a new number;
7. Notify the Program Administrator for determination of the appropriate step(s) to take;
8. Notify law enforcement; or
9. Determine that no response is warranted under the particular circumstances.

Protect customer identifying information

In order to further prevent the likelihood of identity theft occurring with respect to Utility accounts, the Utility will take the following steps with respect to its internal operating procedures to protect customer identifying information:

1. Ensure that those portions of the OWASA website that request customer identifying information employ generally accepted digital security to prevent disclosure of such information or provide clear notice that the website is not secure;
2. Ensure effective and secure storage and subsequent destruction of paper documents and computer files containing customer information;
3. Ensure that office computers with access to customer identifying information are password protected and that computer screens lock after a set period of time;

4. Keep offices clear of papers containing customer identifying information;
5. Employ reasonable procedures to keep computer virus protection up to date; and
6. Require and keep only the kinds of customer information that are necessary for utility purposes.

Protect employee identifying information

In order to further prevent the likelihood of identity theft occurring with respect to employee identifying information, the Utility will take the following steps with respect to its internal operating procedures to protect customer identifying information:

1. Ensure that access to employee identifying information is allowed only as needed for the appropriate purpose by HR and Finance personnel
2. Ensure that employee identifying information is stored in a locked cabinets and or storage room with limited access to appropriate personnel
3. Ensure effective and secure destruction of paper documents and computer files containing employee information per record retention policy;
4. Ensure that office computers with access to employee identifying information are password protected and that computer screens lock after a set period of time; and
5. Ensure that employee information is secured when not in use.

VI. PROGRAM UPDATES

This program will be periodically reviewed and updated to reflect changes in risks to customers and the soundness of the Utility from identify theft. At least annually, the Program Administrator will consider the OWASA's experiences with identity theft situations, changes in identity theft methods, changes in identity theft detection and prevention methods, changes in types of accounts maintained and changes in the OWASA's business arrangement with other entities. After considering these factors, the Program Administrator will determine whether changes to the Program, including the listing of Red Flags, are warranted. If warranted, the Program Administrator will update the Program and present to the OWASA Board the recommended changes. The OWASA Board will make a determination of whether to accept, modify or reject any changes to the Program.

VII. PROGRAM ADMINISTRATION

A. Oversight

Responsibility for developing, implementing and updating this Program lies with an Identity Theft Committee for the Utility. The Committee is headed by a Program Administrator who may be the head of the Utility or his or her appointee. Two or more other individuals appointed by the head of the Utility or the Program Administrator comprise the remainder of the committee membership. The Program Administrator will be responsible for the Program administration, for ensuring appropriate training of Utility staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating particular circumstances and considering periodic changes to the Program.

B. Staff Training and Reports

Utility staff responsible for implementing the Program shall be trained either by or under the direction of the Program Administrator in the detection of Red Flags, and the responsive steps to be taken when a Red Flag is detected.

C. Service Provider Arrangements

In the event the Utility engages a service provider to perform an activity in connection with one or more accounts, the Utility will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of Identity Theft.

1. Require, by contract or other written assurance, that service providers have such policies and procedures in place; and
2. Require, by contract or other written assurance, that service providers review the Utility's Program and report any Red Flags to the Program Administrator.

D. Specific Program Elements and Confidentiality

For the effectiveness of Identity Theft prevention Programs, the Red Flag Rule envisions a degree of confidentiality regarding the Utility's specific practices relating to Identity Theft detection, prevention and mitigation. Therefore, under this Program, knowledge of such specific practices are to be limited to the Identity Theft Committee and those employees who need to know them for purposes of preventing Identity Theft. Because this Program is to be adopted by a public body and thus publicly available, it would be counterproductive to list these specific practices here. Therefore, only the Program's

general red flag detection, implementation and prevention practices are listed in this documentation.

**RESOLUTION AUTHORIZING PARTICIPATION IN THE NORTH CAROLINA
LOCAL GOVERNMENT DEBT SET-OFF PROGRAM AND AUTHORIZING
EXECUTION OF RELATED AGREEMENTS AND OTHER DOCUMENTS**

WHEREAS, N.C. General Statute Chapter 105A, the Set-off Debt Collection Act, authorizes the North Carolina Department of Revenue to cooperate in identifying debtors who owe money to qualifying local agencies such as Orange Water and Sewer Authority (OWASA) and who are due refunds from the North Carolina Department of Revenue; and

WHEREAS, the law authorizes the collection of certain debts owed to qualifying local agencies from tax refunds; and

WHEREAS, the North Carolina Association of County Commissioners and the North Carolina League of Municipalities have jointly established a clearinghouse to submit debts to the North Carolina Department of Revenue on behalf of local agencies as defined in G.S 105A-2 (6), effective January 1, 2006 and thereafter as provided by law;

NOW, THEREFORE, BE IT RESOLVED BY THE OWASA BOARD OF DIRECTORS:

1. That OWASA will participate in the North Carolina Debt Set-off Program and hereby designates the Executive Director or his/her designee as the person to hold hearings and conduct proceedings on behalf of OWASA as may be necessary for participation in the Debt Set-off Program.

2. The Executive Director is hereby authorized to execute such documents and agreements as necessary to participate in the debt setoff program.

Adopted this 23rd day of October, 2008.