

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JANUARY 8, 2009

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, January 8, 2009, at 7:00 P.M., in OWASA's Community Room.

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

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

Others present: Elizabeth Friend, WCHL Radio; Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; and Matthew Crum.

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

MOTIONS ACTED UPON

1. Alan Rimer made a motion to approve the Minutes of the December 11, 2008 Board Meeting; the motion was seconded by Mac Clarke, and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Award of Long-Term Disability Insurance." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Mac Clarke, and carried by a unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Award of Insurance Coverage for Employee Life, Dependent Life, and Accidental Death and Dismemberment." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Mac Clarke, and carried by a unanimous vote.)

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.

COMMITTEE MEETINGS

Gordon Merklein said that the Finance Committee Meeting will meet on Thursday, January 15, 2009 at 5:00 P.M., to discuss strategic issues and planning assumptions for the fiscal year (FY) 2010 budget; the FY 2010 budget calendar; and to continue review of Draft Financial Management Policy.

Gene Pease said the Community Outreach Committee will meet on Thursday, January 22, 2009 at 5:30 P.M. in the First Floor Conference Room at the Chapel Hill Town Hall to discuss communication goal(s), a communications gap analysis, and communication best practices of other public and semi-public organizations.

Alan Rimer said that the Natural Resources Technical Systems Committee will meet on Tuesday, January 20, 2009 at 5:30 P.M. in the OWASA Boardroom to discuss the Long-Range Water Supply Plan Update and proposed draft OWASA Conservation Standards.

ITEM TWO: PETITIONS AND REQUESTS

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

ITEM THREE: MINUTES

Alan Rimer made a motion to approve the Minutes of the December 11, 2008 Board Meeting; the motion was seconded by Mac Clarke, and carried by unanimous vote. See Motion No. 1 above.

ITEM FOUR: RESOLUTION AUTHORIZING AWARD OF LONG-TERM DISABILITY INSURANCE

Alan Rimer made a motion to adopt the resolution; the motion was seconded by Mac Clarke and unanimously approved. See Motion No. 2 above.

ITEM FIVE: RESOLUTION AUTHORIZING AWARD OF INSURANCE COVERAGE FOR EMPLOYEE LIFE, DEPENDENT LIFE, AND ACCIDENTAL DEATH AND DISMEMBERMENT

Gene Pease asked what the annual amount or percentage rate is for retirees.

Gwen Burston said she did not have that information but would report back to the Board.

Alan Rimer made a motion to adopt the resolution; the motion was seconded by Mac Clarke and unanimously approved. See Motion No. 3 above.

ITEM SIX: REPORT ON THE JANUARY 8, 2009 FINANCE COMMITTEE MEETING REGARDING FINANCIAL REPORTING

Gordon Merklein, Chair of the Board's Finance Committee, reported that the Committee received a presentation from Robert Hobson, Banc of America Securities, regarding the importance of OWASA's financial strength in ratings in the current economy. The Committee reviewed the draft Financial Management Policy which includes a proposed section on establishing reserve funds and to ensure funding for system rehabilitation and replacement needs. Mr. Merklein also said that the Committee plans to issue a Request for Proposals from consultants for a review of OWASA's financial reporting and management systems.

ITEM SEVEN: UPDATE ON REGIONAL PLANNING ACTIVITIES REGARDING THE JORDAN LAKE REGIONAL WATER SUPPLY

Ed Kerwin said that OWASA staff have and will participate in discussions with the City of Durham, Chatham and Orange Counties and other entities regarding possible shared future use of Jordan Lake water from an intake – and possibly a water treatment plant – that may be built on the west side of Jordan Lake. As part of the update of our long-term water supply plan, OWASA will consider conservation and reclaimed water options, as well as supplementing the available supply with water from Jordan Lake and/or other sources. The potential role of Jordan Lake in meeting OWASA's long-term needs will be further developed later in 2009 as the water supply plan update proceeds.

Mr. Kerwin said the NC Environmental Management Commission will likely conduct a formal allocation process through which local entities can request Jordan Lake water supply storage allocations. Much of the partnership work with Durham, Chatham County, and others will include the compilation and sharing of local data, such as water demand forecasts, that the individual partners may use to support their individual allocation requests. It is not known at this time if these efforts will eventually result in actual infrastructure improvements at Jordan Lake, or if such improvements will involve OWASA or OWASA's property at Jordan Lake. Answers to these and other questions may be formulated later in 2009 as OWASA's long-term water supply plan is updated.

Randy Kabrick suggested that the Natural Resources/Technical Systems Committee review the *DRAFT 2008 Report of the Water Allocation Study Team to the NC Environmental Review Commission* by Richard Whisnant and Bill Holman.

ITEM EIGHT: UPDATE ON ORANGE COUNTY'S SOLID WASTE TRANSFER STATION SITING PROCESS

Randy Kabrick said that Orange County staff is investigating two properties in Orange County for a solid waste transfer station, one of which is OWASA land west of Carrboro and the County has formally requested OWASA allow them access to that property for surveys and testing.

Ed Kerwin referenced his email to the OWASA Board on January 7, 2009, that included a letter from Mr. Gayle Wilson, Director of Orange County Solid Waste Management, requesting right of entry for the Orange County Transfer Station Siting Investigation (this correspondence was provided to the Board in hardcopy). Mr. Kerwin said that OWASA, after consultation with general counsel, is unclear of the County's intent and Mr. Kerwin has scheduled a meeting on Monday, January 12, 2009, with Mr. Wilson to try to determine exactly what the County's informational needs are regarding the OWASA property. Mr. Kerwin assured the Board, consistent with its direction that OWASA staff continues to advise the County that OWASA's land is needed by OWASA, and is being used for critical purposes, and is not for sale.

The Board agreed that staff will report on January 22, 2009 regarding the details of the County's request for access to the OWASA property, and the Board will then decide on the County's request.

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

**RESOLUTION AUTHORIZING THE RENEWAL OF LONG-TERM DISABILITY
INSURANCE WITH STANDARD INSURANCE COMPANY**

WHEREAS, Long-Term Disability insurance coverage for the Orange Water and Sewer Authority will expire in February 2009; and

WHEREAS, Standard Insurance Company (Standard) has provided satisfactory Long-Term Disability coverage for the Orange Water and Sewer Authority since 2006; and

WHEREAS, Standard Insurance Company has offered to renew our coverage for one year with no increase in rates; and

WHEREAS, the rate will remain at 0.625% of Insured Earnings; and

WHEREAS, George S. Williams, CPCU, reviewed the offer from Standard to renew our contract for one year and recommends that OWASA accept the offer from Standard; and

WHEREAS, the Human Resources Committee Chair and the full Board of Directors have been apprised of the offer by Standard and have been supportive of the renewal.

NOW, THEREFORE BE IT RESOLVED:

1. That the Board of Directors of the Orange Water And Sewer Authority renew the contract with Standard Insurance Company through George S. Williams, CPCU, Durham, NC for Long-Term Disability insurance.

2. That the coverage include a benefit of 60% of basic monthly compensation for eligible employees with a minimum monthly payment of \$200 and a maximum monthly payment of \$2,500.

3. That the term of the above insurance coverage shall be for one year.

Adopted this 8th day of January 2009.

**RESOLUTION AUTHORIZING AWARD OF INSURANCE COVERAGES FOR
EMPLOYEE LIFE, DEPENDENT LIFE AND ACCIDENTAL DEATH AND
DISMEMBERMENT**

WHEREAS, Employee Life, Dependent Life and Accidental Death and Dismemberment Insurance coverage in effect for Orange Water and Sewer Authority will expire in February 2009; and

WHEREAS, Guarantee Mutual Life Insurance Company has provided life insurance coverage to the Orange Water and Sewer Authority since 1994; and

WHEREAS, Guarantee Mutual Life Insurance Company has offered to renew the Group Life and Accidental Death and Dismemberment insurance policies for two years with no increase in rates; and

WHEREAS, the current Employee Life Insurance rate is \$0.29 per \$1,000 of benefit, Accidental Death and Dismemberment Insurance at \$0.05 per \$1,000 and Dependent Life at \$1.88 per family; and

WHEREAS, the Chair of the OWASA Human Resources Committee and the full Board of Directors have been apprised of the conditions of the renewal.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors of Orange Water and Sewer Authority renew the contract with Guarantee Mutual Life Insurance Company through George S. Williams, CPCU, Durham, North Carolina for Employee Life Insurance at a rate of \$0.29 per \$1,000 of benefit.

2. That the coverage include a benefit equal to twice the employee's basic annual salary with a maximum benefit of \$100,000; a \$5,000 dependent spouse benefit; and a \$5,000 dependent child benefit for each child in the family.

3. That the policy include Accidental Death and Dismemberment coverage at a rate of \$0.05 per \$1,000 of benefit.

4. That the coverage include a \$5,000 life insurance benefit for retirees of OWASA.

5. That the term of the above insurance coverage shall be for the period ending February 2011.

Adopted this 8th day of January 2009.