

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

DECEMBER 9, 2010

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular Business Meeting on Thursday, December 9, 2010, at 7:00 P.M. in OWASA's Community Room.

Directors present: Gordon Merklein, Chair; Alan Rimer, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Joyce C. Preslar; William Stott; and Amy Witsil.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Patrick Davis; Greg Feller; Stephanie Glasgow; Ed Holland; Andrea Orbich; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill; Elizabeth Friend, WCHL; Tammy Grubb, Chapel Hill News; Vicki Dickson, The Carrboro Citizen; Joe Schwartz, Independent Weekly; Myra Dotson, Sewage Sludge Action Network; Virginia and Ray Dickie; Nancy Hardy; Phil Duckwall; John Moore; Charles McPherson, local farmer; Will Raymond; Patrick Mulkey; Margot and Dave Ringenburg; Marilee Mctigue; Kate and Frank Tozzolina; Steve and Terry Newton; Anne Patton; David Cackowski; Justin Jacobs; Brenda McCure; Michelle, Earth First; William Charles; Stan Cheren, Orange County Voice; Bonnie Hauser; and Michael Hughes, Clean Water Local.

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

MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Approving Certification to the Trustee of the Completion of Improvements Related to the Series 2006 Water and Sewer System Revenue Bonds." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, seconded by Alan Rimer, and unanimously approved.)

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution to Rescind the Capital Reserve Fund Requirement for the Payment of Certain Costs of the Meeting of the Waters Interceptor Upgrade and Rehabilitation Project." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, seconded by Alan Rimer, and unanimously approved.)

3. Mac Clarke made a motion to approve the Minutes of the October 28, 2010, Meeting of the Board of Directors; the motion was seconded by Alan Rimer and unanimously approved.

4. Mac Clarke made a motion to approve the Minutes of the November 11, 2010, Meeting of the Board of Directors; the motion was seconded by Alan Rimer and unanimously approved.

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Awarding a Construction Contract for the Bolin Creek Interceptor (Phase III) Sanitary Sewer Pipeline Project." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, seconded by Mac Clarke, and unanimously approved.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Requesting Clarification of the 2001 Water and Sewer Management, Planning and Boundary Agreement Among Carrboro, Chapel Hill, Hillsborough, Orange County and OWASA." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, seconded by Fred Battle, and unanimously approved.)

7. Mac Clarke made a motion that the Board of Directors go into Closed Session for the purpose of considering an offer to purchase real property, and to consider how it wants staff to proceed in negotiations, and advising that the Board may return to open session for the purpose of taking formal action on this matter. The motion was seconded by Joy Preslar, and unanimously approved.

8. Mac Clarke made a motion to approve a Resolution to Accept Offer to Purchase Tract 1 of OWASA's Ray Heirs Property; the motion was seconded by Alan Rimer and failed to pass with a tie vote of 4 to 4 (with Fred Battle, Braxton Foushee, William Stott and Amy Witsil opposing).

9. William Stott made a motion to reconsider the offer to purchase real property; the motion was seconded by Mac Clarke and passed with a vote of 6 to 2 (with Fred Battle and Braxton Foushee opposing).

10. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution to Accept Offer to Purchase Tract 1 of OWASA's Ray Heirs Property." (Resolution so titled attached hereto and made a part of these minutes. Motion by William Stott, seconded by Mac Clarke, and passed with a vote of 5 to 3 (with Fred Battle, Braxton Foushee and Amy Witsil opposing).

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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.

COMMITTEE MEETING

Mac Clarke said the Finance Committee met prior to the Board meeting tonight to discuss the budget calendar for Fiscal Year 2012 and the draft Statement of Strategic Issues and Policies, Planning Assumptions and Background Information Document. The Finance Committee will meet again in January, 2011.

ITEM TWO: PETITIONS AND REQUESTS

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

ITEM THREE: RESOLUTION APPROVING CERTIFICATION TO THE TRUSTEE OF THE COMPLETION OF IMPROVEMENTS RELATED TO THE SERIES 2006 WATER AND SEWER SYSTEM REVENUE BONDS

Mac Clarke made a motion to approve the resolution; the motion was seconded by Alan Rimer and unanimously approved. Please see Motion No. 1 above.

ITEM FOUR: RESOLUTION TO RESCIND RESERVE FUND REQUIREMENT FOR THE PAYMENT OF CERTAIN COSTS OF THE MEETING OF THE WATERS INTERCEPTOR UPGRADE AND REHABILITATION PROJECT

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

ITEM FIVE: MINUTES

Mac Clarke made a motion to approve the Minutes of the October 28, 2010, Meeting of the Board of Directors; the motion was seconded by Alan Rimer and unanimously approved. Please see Motion No. 3 above.

Mac Clarke made a motion to approve the Minutes of the November 11, 2010, Meeting of the Board of Directors; the motion was seconded by Alan Rimer and unanimously approved. Please see Motion No. 4 above.

ITEM SIX: INITIAL REPORT AND DISCUSSION OF THE NOVEMBER 30, 2010
COMMUNITY MEETING AND PUBLIC COMMENTS ON THE DRAFT
FORESTRY MANAGEMENT PLAN, AND NEXT STEPS

Gordon Merklein began this item by reading the following statement:

"First and foremost, I want to make sure that the Board and public understand that staff is NOT requesting that we make any formal action tonight. In fact, in response to the comments all of us have heard, I said at the Community Meeting that I did not think it would be appropriate for us to take any formal near-term action tonight.

As a first step in the public process we approved for this initiative, the Community Meeting was, I think, in large part, a great success considering the number of people who turned out and are interested in the plan. We have learned that this issue is a very important one for many people. We will take the time necessary to ensure that we receive and consider public comments before we take any final action. I'd like to point out that early this week, staff mailed a letter transmitting this agenda item to more than 550 property owners and interested parties, and also e-mailed this information to more than 80 people.

Here's how I propose that we proceed, unless the Board thinks otherwise. First, I'd like to quickly summarize the November 30th meeting and some of the key themes we heard and staff has summarized. Second, I'd like to quickly mention what the local elected boards have done and asked us to do. I then want to suggest a couple next steps for us to consider. Once I've done that, I'd like us to hear comments from anyone here tonight that would like to speak on this matter. Following that, the Board can have a discussion and provide guidance to the staff on how to proceed.

Summary of Community Meeting

More than 150 people attended the November 30th Community Meeting, and about 40 spoke. Representatives from the NCDNR and NCWRC, as well as the Duke Forest Resource Manager also spoke and answered questions from the public. The meeting started at 7:00 p.m. and ended around 11:00 p.m.

We very much appreciate the interest in and feedback about the draft plan. We continue to welcome feedback and will consider it carefully.

I would like to thank all the staff members and fellow Board Members Amy, Braxton, Joy, and Mac for attending the November 30th meeting. Some key themes we heard from the public meeting were:

- 1. There are substantial concerns about impacts on water quality, the width of riparian buffers, proposed use of herbicides, etc.;*
- 2. There appears to be an emphasis on timber harvesting rather than promoting a diverse mix of forest stands and habitats;*

3. *Additional baseline studies and inventories are needed;*
4. *OWASA should include additional agencies and a citizens' advisory group in developing the final version of the plan;*
5. *More time needs to be provided to allow public review and comment on the draft plan; and*
6. *A projection of revenues and expenditures should be prepared and made public.*

Discussion By Local Elected Boards

As we know, local elected officials have discussed this matter. At their meeting Monday night, the Chapel Hill Town Council received a petition they were presented from the Citizens for Clean Water NC. The Council did not approve the petition, but referred it to their "OWASA Committee" for further review with members of the OWASA Board. It was the Council's understanding that we do not plan to act on the draft forestry management plan tonight.

Also on Monday night, the Orange County Board of Commissioners also received a petition from the Citizens for Clean Water NC. The BOCC did not approve the petition. Rather, it unanimously passed a motion requesting that we make a presentation of our draft forestry plan to the Board sometime in January 2011. The Board further requested that we delay adoption of the draft plan until after the Commissioners have time to review and analyze the plan and its contents. Similarly, the Carrboro Board of Alderman asked OWASA not to act on the plan, and to make a presentation to the Board of Alderman at a later date. We also informed the elected officials ahead of time that we did not intend to act on the plan tonight.

Suggested Next Steps

Staff will prepare a detailed report addressing all of the comments we have received and will continue to receive. That draft report will be provided in early 2011.

I suggest that one approach we consider is to have the Natural Resources and Technical Systems Committee (NRTS) review and revise, where appropriate, staff's initial draft responses to the comments before it is submitted back to the Board. The Committee could provide recommendations for consideration by the Board. We would then provide direction to the staff, consultant, and others about how we have considered the responses to the comments and the Committee's recommendations.

Of course, we will continue to keep the public informed about this including opportunities to provide input.

Invitation for Public Comments

At this time, I would like to ask anyone who wishes to speak on this item to come forward. If you spoke at the Community Meeting or have provided your comments in writing to us, we want you to know that your comments will be fully considered as we go forward, so please don't feel that you need to restate your comments here tonight if you already submitted them.

Board Discussion / Closing

As I mentioned previously, my suggested next steps are that we allow the staff to prepare a report addressing all the comments that have been received and that they get back to us in early 2011.”

Mr. Merklein then opened the floor for comments from the public.

Myra Dotson, Sewage Sludge Action Network, said she lives in Orange County near the property OWASA owns and uses for land application of biosolids and is concerned about the potential for the Meadowcrest forest land to be used for land application of biosolids. Ms. Dotson asked which tracts will be cleared or select cut to spread biosolids or composted biosolids.

Ed Kerwin said that at this time clearing land to spread biosolids is not part of the current plan.

Michael Hughes, Clean Water Coalition, said he is an environmental engineer and hydrologist who studied under Dan Okun. He then thanked the Board and staff for hosting the review of OWASA’s draft forestry management plan and appreciates staff’s summary of concerns raised from the meeting. Mr. Hughes said the current plan is not the right plan and that the main concern is that the plan is a traditional logging plan that will interfere with natural evolution of diverse hardwood forests in order to create pine monocultures for repeated timbering. He also said the term “quality” is used to refer to market value not maturity, diversity, carbon sink or other factors that OWASA endorses in a sustainability program. Mr. Hughes said the plan covers 17 parcels, profiles the timber, and includes recommendations for forest management. There is no information in the plan on issues in the forest, risks posed to water quality or options to mitigate risk. For this reason the plan should be dropped and a new plan developed. The right plan can be led by a team of water quality experts, environmental and wildlife specialists, and local citizens that know the forest. Mr. Hughes also said he is not opposed to logging in North Carolina but against commercial logging in water quality critical and protected areas around the Cane Creek Reservoir. Finally, Mr. Hughes distributed a prepared resolution for the Board’s consideration and requested that the Board adopt the resolution rather than try to modify a plan that was developed for the wrong reasons.

Patrick Mulkey, Bingham Township resident, said he has concerns about OWASA’s forestry plan and does not understand the plan. Mr. Mulkey said the properties purchased by OWASA should be held in perpetuity and unharmed, which the current draft plan does not achieve. Lastly, Mr. Mulkey asked how will OWASA’s plan improve water quality in Cane Creek Reservoir and why the maps provided do not include the location of the reservoir and surrounding watershed.

Mr. Merklein said that the Board also received written comments from John Howard, Registered Forester with the Division of Forest Resources in the NC Department of Environment and Natural Resources, on OWASA's draft forestry plan.

Will Raymond requested that the comments Chair Merklein read at the beginning of this item be entered into the record and posted on OWASA's website.

Mr. Merklein agreed and concluded by reiterating that staff will draft a response to the comments received from residents and stakeholders, then review the draft with the Board's NRTS Committee prior to Board discussion.

ITEM SEVEN: DRAFT STATEMENT OF STRATEGIC ISSUES AND POLICIES, DRAFT PLANNING ASSUMPTIONS AND BACKGROUND INFORMATION DOCUMENT AND FISCAL YEAR 2012 DRAFT BUDGET CALENDAR

The Board received this item as an information item.

ITEM EIGHT: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE BOLIN CREEK INTERCEPTOR (PHASE III) SANITARY SEWER PIPELINE PROJECT

Fred Battle asked how many minority companies applied for this project.

Mason Crum said that Park Construction signed an affidavit indicating their intent to achieve OWASA's 10% goal for Minority and Women Business Enterprise participation.

Braxton Foushee asked why there was discrepancy in the bids received.

Mr. Crum said it was due to the complexity of the project, which will be on a busy thoroughfare in Chapel Hill.

Mac Clarke noted that the breakdown of costs for this project is split between two fiscal year capital improvement budgets. Part of the project is replacement of water mains, however he could not find the water main project in the Capital Improvement Program (CIP).

Mr. Crum said he would review the CIP and provide the information to Mr. Clarke.

Mr. Clarke asked why there was a difference between the number in the CIP and the engineer's estimate.

Mr. Crum said that staff made a mistake and is in the process of developing an Excel/Word tool to use in the development of future CIP budgets. This along with increased quality control review should minimize errors in the future.

Alan Rimer said that difference between engineer's estimate and Park Construction's cost may not be due to rising costs, but indicates the complexity and uncertainty of the project. He suggested that it may be worthwhile in the future that staff meet and discuss with the engineers "lessons learned" on previous projects to get more reliable estimates for future projects.

Alan Rimer made a motion to approve the resolution; the motion was seconded by Mac Clarke and unanimously approved. Please see Motion No. 5 above.

ITEM NINE: RESOLUTION REQUESTING CLARIFICATION OF THE 2001 WATER AND SEWER MANAGEMENT, PLANNING AND BOUNDARY AGREEMENT AMONG CARRBORO, CHAPEL HILL, HILLSBOROUGH, ORANGE COUNTY AND OWASA

Gordon Merklein said that the Board has at their places an updated Attachment D which is the proposed letter to the local governments that notes the new Chair of Orange County, Bernadette Pelissier, and minor wording changes to the letter.

Alan Rimer said that the Board's Natural Resources Technical Systems (NRTS) Committee supports and recommends that the Board adopt the draft resolution and authorize the OWASA Board Chair to send letters to local governments asking their respective boards to approve OWASA's proposed clarification of certain language in the Water and Sewer Management, Planning and Boundary Agreement (WSMPBA).

As it is now, the WSMPBA may be interpreted to prohibit OWASA from transferring water into or out of our service area – except during emergencies – without the approval of Carrboro, Chapel Hill, Hillsborough and Orange County elected boards, which would restrict OWASA's access to our Jordan Lake allocation. It is the NRTS Committee's recommendation that the following language be added to the WSMPBA sections VII.A and B, which define Emergency and Non-Emergency Water Transfers:

"These provisions do not apply to the treatment and transfer of water available through OWASA's Jordan Lake water supply storage allocation for use by OWASA customers. Nothing herein shall be construed to prevent OWASA from entering into agreements as necessary to provide for water transfers to afford OWASA access to its Jordan Lake allocation."

Robert Epting said it is important to emphasize that the proposed clarification does not change our service area boundary and that other than the clarification of the boundary agreement would remain unchanged.

Mac Clarke said alternative water supplies, if there was no Jordan Lake, would be costly and that is another reason to support the clarification to the WSMPBA.

Joy Preslar asked if Jordan Lake is suitable for use as a drinking water supply.

Ed Holland said that Jordan Lake has always been fully compliant with State drinking water standards.

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

Ed Kerwin also noted that the letter to the local governments would also include a copy of the Board's signed resolution.

ITEM TEN: CLOSED SESSION

Mac Clarke made a motion that the Board of Directors go into Closed Session for the purpose of considering an offer to purchase real property, and to consider how it wants staff to proceed in negotiations; and advised that the Board may return to open session for the purpose of taking formal action on this matter. The motion was seconded by Joy Preslar, and carried by unanimous vote. Please see Motion No. 7 above.

The Board returned to open session.

Mac Clarke made a motion to approve a Resolution to Accept Offer to Purchase Tract 1 of OWASA's Ray Heirs Property; the motion was seconded by Alan Rimer and failed to pass with a tie vote of 4 to 4 (with Fred Battle, Braxton Foushee, William Stott and Amy Witsil opposing). Please see Motion No. 8 above.

William Stott said there is no reason to rush into an offer when a higher asking price could be received.

Gordon Merklein said the offer on Tract 1 is 97% of the asking price and is considered a full asking price for the property.

Ed Kerwin requested the Board's direction on whether the property is surplus and should be marketed at fair value. Staff has complied with the Board's prior direction, placed the property with a realtor, and received a very good offer for the property; however, with this tie vote, the Board has rejected the offer. Mr. Kerwin asked whether the property should be taken off the market.

Amy Witsil said the property should stay on the market but she believes it should be marketed at a higher price.

Mr. Merklein said that if the Board is not willing to accept the buyer's offer for the property, the property should be taken off the market.

Mr. Clarke concurred with Mr. Merklein.

Mr. Stott stated he does not want the property to be taken off the market.

William Stott made a motion to reconsider the offer to purchase real property; the motion was seconded by Mac Clarke. The motion to reconsider passed with a vote of 6 to 2 with Fred Battle and Braxton Foushee opposing. Please see motion No. 9 above.

Mr. Merklein then requested additional discussion by the Board on the matter of considering an offer to purchase real property.

Mr. Stott stated that he moved to reconsider the previous vote because he does not want to see the property taken off the market.

William Stott then made a motion to approve a Resolution to Accept Offer to Purchase Tract 1 of OWASA's Ray Heirs Property; the motion was seconded by Mac Clarke and passed with a vote of 5 to 3 (with Fred Battle, Braxton Foushee and Amy Witsil opposing). Please see motion No. 10 above.

There being no further business to come before the Board, the meeting was adjourned at 9:30 P.M.

Enclosures

**RESOLUTION APPROVING CERTIFICATION TO THE TRUSTEE OF THE
COMPLETION OF IMPROVEMENTS RELATED TO THE SERIES 2006 WATER AND
SEWER SYSTEM REVENUE BONDS**

WHEREAS, Section 4.07 of the amended and restated Bond Order requires certification to the Trustee that capital projects for which bonds were issued have been completed;

WHEREAS, on October 26, 2006, Orange Water and Sewer Authority issued water and sewer system revenue bonds from which proceeds were placed with the Trustee in the Construction Fund;

WHEREAS, improvements funded by the Series 2006 Water and Sewer System Revenue Bonds were complete as of November 1, 2010.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors approves the filing of the attached certificate with the Trustee.

2. That the Trustee is instructed to close the Series 2006 Construction Fund in accordance with Section 4.07 of the Bond Order.

Adopted this 9th day of December, 2010.

RESOLUTION TO RESCIND THE CAPITAL RESERVE FUND REQUIREMENT FOR THE PAYMENT OF CERTAIN CONSTRUCTION COSTS OF THE MEETING OF THE WATERS INTERCEPTOR UPGRADE AND REHABILITATION PROJECT

WHEREAS, OWASA issued its Water and Sewer System Revenue Bonds, Series 2006 (the “Series 2006 Bonds”) for the purpose of providing funds, together with other available funds, to (i) pay the cost of acquiring certain real property for watershed protection and acquiring and constructing certain improvements to OWASA’s water and sewer system (collectively, the “2006 Additional Project”), (ii) provide a reserve for the Series 2006 Bonds by either funding such reserve or by purchasing a municipal bond debt service reserve fund policy, if in the opinion of OWASA at the time of the sale of the Series 2006 Bonds a reserve fund for the Series 2006 Bonds is warranted, and (iii) pay certain costs and expenses incurred in connection with the issuance of the Series 2006 Bonds; and

WHEREAS, the Board of Directors deemed it advisable and in the best interest of OWASA to designate available funds for the payment of any cost of constructing the Meeting of the Waters Project in excess of the Series 2006 Bond proceeds available therefore; and

WHEREAS, the Meeting of the Waters sewer interceptor rehabilitation and replacement project is complete and free from material claims, which fact shall be evidenced to the Local Government Commission of North Carolina by an Officer’s Certificate delivered to the Local Government Commission of North Carolina;

NOW, THEREFORE, BE IT RESOLVED:

1. The special account established and designated as the “Orange Water and Sewer Authority Capital Reserve Account – Meeting of the Waters Project” may be closed and any balance remaining shall be transferred to the General Fund.

2. The officers of OWASA are hereby authorized and directed to do all acts and things required of them to give effect to this Resolution.

Adopted this 9th day of December, 2010.

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT
FOR THE BOLIN CREEK INTERCEPTOR (PHASE III) PIPELINE PROJECT**

WHEREAS, there is a need for the replacement of the portion of the Bolin Creek Interceptor (Phase III); and

WHEREAS, plans and specifications for the construction of this project have been prepared by HDR; and

WHEREAS, advertisement for bids were published on the OWASA website and in the Greater Diversity News (Wilmington, NC) on September 13, 2010, and six bids were received on October 20, 2010; and

WHEREAS, on June 10, 2010 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Park Construction of NC, Inc., the low responsive, responsible bidder for the Bolin Creek Interceptor (Phase III) Pipeline Project, in accordance with the approved plans and specifications, in the amount of \$4,849,913.13, 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.

Adopted this 9th day of December 2010.

RESOLUTION REQUESTING CLARIFICATION OF THE 2001 WATER AND SEWER MANAGEMENT, PLANNING AND BOUNDARY AGREEMENT AMONG CARRBORO, CHAPEL HILL, HILLSBOROUGH, ORANGE COUNTY, AND OWASA

WHEREAS, Jordan Lake is a future water supply source for Carrboro, Chapel Hill, and the University of North Carolina at Chapel Hill; and

WHEREAS, OWASA, with the support of Carrboro, Chapel Hill, and Orange County, applied for and received a Jordan Lake water supply storage allocation from the North Carolina Environmental Management Commission (EMC) in 1988, for which OWASA has since paid more than \$200,000; and

WHEREAS, Jordan Lake's importance as a future supply source was confirmed in OWASA's 2001 *Comprehensive Water and Sewer Master Plan* and re-affirmed in its 2010 *Long-Range Water Supply Plan*, which stated that "It is essential that OWASA retain and acquire access to its [Jordan Lake] allocation"; and

WHEREAS, OWASA is playing an active role in the Jordan Lake Partnership, which is facilitating coordinated applications to the EMC by Triangle Area utilities who must justify their need for increasing or retaining their Jordan Lake water supply storage allocations; and

WHEREAS, unimpeded access to OWASA's allocation will be an important consideration in obtaining the EMC's approval to retain that allocation; and

WHEREAS, the Towns of Carrboro, Chapel Hill, and Hillsborough, Orange County, and OWASA adopted a Water and Sewer Management, Planning and Boundary Agreement (the Agreement) in 2001; and

WHEREAS, language in the Agreement is unclear about OWASA's ability to access its Jordan Lake water supply storage allocation for use by OWASA customers; and

WHEREAS, this lack of clarity may jeopardize OWASA's ability to obtain the EMC's approval to retain its allocation; and

WHEREAS, this contributes to greater uncertainty in OWASA's long-range water supply and capital investment planning; and

WHEREAS, any change to the Agreement requires approval by all parties to the Agreement.

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

1. That the Agreement be clarified with the addition of the following language as a new Subsection 3 to Section VII.A (Emergency Water Transfers), and that said language also be added to the existing text of Section VII.B (Non-Emergency Water Transfers):

"These provisions do not apply to the treatment of and transfer of water available through OWASA's Jordan Lake water supply storage allocation for use by OWASA"

customers. Nothing herein shall be construed to prevent OWASA from entering into agreements as necessary to provide for water transfers to afford OWASA access to its Jordan Lake allocation."

2. That the Board of Directors respectfully requests that this clarification be approved by the Carrboro Board of Aldermen, Chapel Hill Town Council, Hillsborough Town Board, and the Orange County Board of Commissioners.

Adopted this the 9th day of December, 2010.

**RESOLUTION TO ACCEPT OFFER TO PURCHASE TRACT 1 OF
OWASA'S RAY HEIRS PROPERTY**

WHEREAS, on September 9, 2010, the Orange Water and Sewer Authority (OWASA) Board of Directors declared as surplus and authorized the Executive Director to list for sale the 76.2-acre Ray Heirs property (previously recorded as Orange County PIN 9768-94-5089); and

WHEREAS, the 76.2-acre tract was subsequently divided into two separate parcels, with the 61.2-acre Tract 1 now recorded as Orange County PIN 9768-94-7564, and the 14.9-acre Tract 2 recorded as Orange County PIN 9768-93-4456; and

WHEREAS, the two properties have been listed for sale publicly with Weaver Street Realty (Realtor) for \$750,000 (Tract 1) and \$350,000 (Tract 2); and

WHEREAS, numerous parties have contacted the Realtor, visited the site, and otherwise expressed interest in these properties, but the only offer received to date has been for \$725,000.00 to purchase Tract 1; and

WHEREAS, the Realtor, OWASA staff, and General Counsel have considered the offer and recommend that the Board of Directors authorize the Executive Director to accept said offer and otherwise act on OWASA's behalf as necessary and appropriate to accomplish the closing of this transaction.

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

1. That the Executive Director is hereby authorized and directed to accept the offer attached to this Resolution on behalf of OWASA as Seller, and otherwise to do all things necessary and appropriate to accomplish the closing of this transaction under the terms of the Purchase Contract.

2. That the proceeds from the sale can be credited to the General Fund Balance and available for any purpose as approved by the Board.

Adopted this the 9th day of December, 2010.