

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

MARCH 22, 2012

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, March 22, 2012, at 7:00 P.M. at the Chapel Hill Town Hall, 405 Martin Luther King Jr Boulevard.

Directors present: Gordon Merklein, Chair; Alan Rimer, Vice Chair; Fred Battle; Terri Buckner; Will Raymond; Dana Stidham; William Stott; and John A. Young. Director absent: Amy Witsil, Secretary.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Patrick Davis; Ed Holland; Heidi Lamay; Andrea Orbich; Kevin Ray; 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.

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 Awarding Audit Contract to Martin, Starnes and Associates, CPAS, P.A. and Authorizing Chair of the Board of Directors and the Finance Officer to Execute Said Contract. (Resolution so titled and titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Fred Battle and carried by unanimous vote.)

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled, Resolution Authorizing Executive Director to Renew Public Officials & Employees Liability Insurance for One Year Period for \$2,000,000 of Coverage with National Union Fire Insurance Company of Pittsburgh, PA. (Resolution so titled and titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Fred Battle and carried by unanimous vote.)

3. Alan Rimer made a motion to approve the Minutes of the February 23, 2012 Board meeting; the motion was seconded by Fred Battle and carried by unanimous vote.

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.

OWASA COMMITTEE MEETING

Gordon Merklein said that on Monday, April 2, 2012 the Chapel Hill Town Council's OWASA Committee and Chapel Hill appointees to the OWASA Board will meet at 4:30 P.M. in the First Floor Conference Room at Chapel Hill Town Hall to discuss items of mutual interest.

MARCH 13, 2012 CARRBORO BOARD OF ALDERMEN MEETING

Alan Rimer said that he gave a presentation to the Carrboro Board of Aldermen (BOA) on OWASA's draft Drought Response Operating Protocol. The Aldermen asked a number of questions and provided useful feedback. Following discussion, the BOA passed a resolution stating their position.

Ed Kerwin stated that the BOA's position is that OWASA should not purchase water prior to a Stage 2 Water Shortage being declared as specified in the graph in the draft Drought Response Operating Plan. Other OWASA Board and staff in attendance were Dana Stidham, Amy Witsil, Terri Buckner, Will Raymond, Ed Kerwin and Ed Holland.

MARCH 26, 2012 CHAPEL HILL TOWN COUNCIL MEETING

Gordon Merklein said that he will give a presentation to the Chapel Hill Town Council on Monday, March 26, 2012, regarding OWASA's draft Drought Response Operating Protocol and receive their feedback on same.

COMMITTEE MEETINGS

John Young reported that the Finance Committee met on March 20, 2012 to discuss a Board resolution to approve the selection of an independent financial audit firm, the Fiscal Year 2013 budget, and potential rate adjustment scenarios. Mr. Young said the Finance Committee recommended that the Board approve the resolution to engage Martin Starnes & Associates to perform this year's financial audit. He also mentioned that all three items will be discussed later in the agenda.

William Stott said the Outreach and Education Committee met prior to the Board meeting and items discussed included the draft customer satisfaction survey which will be revised prior to presentation to the Board in April. The Committee also agreed that outreach meetings within the community will begin and staff will handle logistics. The draft marketing plan for OWASA's

business model was accepted. Finally, and the Committee agreed that no further action will be taken regarding televising Board meetings until receiving the results of the customer satisfaction survey which includes a question about how often customers watch televised Board meetings.

WORLD WATER DAY AND WATER IN OUR WORLD

Will Raymond said that the University of North Carolina at Chapel Hill officially launched a campus theme, "Water in Our World," on World Water Day 2012. This is a new two-year, campus-wide academic theme and key issues include encouraging new thinking and research in water-related issues, such as access to clean potable water on a global scale. Additional information can be found at: <http://watertheme.web.unc.edu/>.

RECREATION AT THE LAKES

John Greene announced that the reservoirs will reopen for recreation on Saturday, March 24, 2012. University Lake will be open Fridays through Sundays from 6:30 A.M. until 6:00 P.M. and the Cane Creek Reservoir will be open on Saturdays from 6:30 A.M. to 6:00 P.M.

ITEM TWO: PETITIONS AND REQUESTS FROM PUBLIC

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

ITEM THREE: PETITIONS AND REQUESTS FROM BOARD

Terri Buckner requested that OWASA's Long-Range Water Supply Plan be updated to reflect the Board's current policy with respect to declaring a Stage 1 Water Shortage before purchasing water (Policy Resolution Regarding Water Purchases to Mitigate the Risk of Shortage During Periods of Extended Drought, adopted on October 20, 2011).

John Young requested that revised calculations of the economic cost of temporary water shortage restrictions, as discussed previously with staff, also be reflected in the next update of the Long-Range Water Supply Plan.

Ed Kerwin said that staff would update the Plan as requested.

ITEM FOUR: PETITIONS AND REQUESTS FROM STAFF

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

ITEM FIVE: RESOLUTION AWARDDING AUDIT CONTRACT TO MARTIN, STARNES AND ASSOCIATES, CPAS, P.A. AND AUTHORIZING CHAIR OF THE BOARD OF DIRECTORS AND THE FINANCE OFFICER TO EXECUTE SAID CONTRACT

Alan Rimer made a motion to adopt the resolution; the motion was seconded by Fred Battle and carried by unanimous vote. Please see Motion No. 1 above.

ITEM SIX: RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO RENEW PUBLIC OFFICIALS & EMPLOYEES LIABILITY INSURANCE FOR ONE YEAR PERIOD FOR \$2,000,000 OF COVERAGE WITH NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Alan Rimer made a motion to adopt the resolution; the motion was seconded by Fred Battle and carried by unanimous vote. Please see Motion No. 2 above.

ITEM SEVEN: MINUTES

Alan Rimer made a motion to approve the Minutes of the February 23, 2012 Board meeting; the motion was seconded by Fred Battle and carried by unanimous vote. Please see Motion No. 3 above.

ITEM EIGHT: FISCAL YEAR 2013 BUDGET AND RATE ADJUSTMENT INFORMATION

Stephen Winters presented information regarding the budget and potential water and sewer rate adjustments for Fiscal Year (FY) 2013. The budget is based on the needs of the organization and includes no new borrowing. Staff recommends no adjustment to OWASA's monthly water and sewer rates for FY 2013. Future year rate increases are projected to be in-line with inflation.

Mr. Winters said the public will have an opportunity to comment on the budget and rates at hearings planned to be held in May, 2012. The OWASA Board of Directors will make final decisions in June.

ITEM NINE: TRIANGLE REGIONAL WATER SUPPLY PLAN, VOLUME I – REGIONAL NEEDS ASSESSMENT

Ed Holland summarized major elements of the draft report. Board members asked staff to transmit to the Jordan Lake Partnership several comments about population and future water demand estimates.

ITEM TEN: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY ACTION ITEMS FROM THE BOARD MEETING AND NOTE SIGNIFICANT ITEMS FOR DISCUSSION AND/OR ACTION EXPECTED AT THE NEXT BOARD MEETING

Ed Kerwin summarized the meeting with the following action items:

- Staff will update the Long-Range Water Supply Plan as requested.
- Main action item for the April 12, 2012 OWASA Board meeting is to consider feedback on the draft Drought Response Operating Protocol and discuss next steps.

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There being no further business to come before the Board, the meeting was adjourned at 8:35 P.M.

Attachments

**RESOLUTION APPROVING AND AWARDED AUDIT CONTRACT TO
MARTIN STARNES & ASSOCIATES, CPAS, P.A. AND AUTHORIZING CHAIR OF
THE BOARD OF DIRECTORS AND THE FINANCE OFFICER
TO EXECUTE THE CONTRACT**

WHEREAS, Orange Water and Sewer Authority is required by the General Statutes of the State of North Carolina and the Series 2001 Bond Order to have its financial records audited at the termination of each fiscal year; and

WHEREAS, in March of 2011, the Authority solicited audit proposals based upon the established criteria recommended by the North Carolina Local Government Commission; and

WHEREAS, Martin Starnes & Associates, CPAs, P.A. provided satisfactory service related to the Fiscal Year 2011 financial audit;

NOW, THEREFORE, BE IT RESOLVED:

1. That the contract between Orange Water and Sewer Authority and Martin Starnes & Associates, CPAs, P.A. for financial audit of the Fiscal Year Ending June 30, 2012, for charges not to exceed \$30,000 is hereby approved subject to approval by the North Carolina Local Government Commission.
2. That the Chair of the OWASA Board of Directors and the Finance Officer are hereby authorized to execute such contract.

Adopted this 22nd day of March, 2012.

**RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO RENEW PUBLIC
OFFICIALS AND EMPLOYEES LIABILITY INSURANCE FOR A ONE-YEAR
PERIOD FOR \$2,000,000 OF COVERAGE WITH NATIONAL UNION FIRE
INSURANCE COMPANY OF PITTSBURGH, PA**

WHEREAS, the policy for Public Officials & Employees Liability Insurance with National Union Fire Insurance Company of Pittsburgh, PA for the period of April 20, 2011 through April 19, 2012 expires April, 20, 2012; and

WHEREAS, a renewal offer has been received from National Union Fire Insurance Company of Pittsburgh, PA, for \$2,000,000 of coverage, at an annual premium of \$25,004.00; and

WHEREAS, it is to the advantage of the Authority to maintain continuity of coverage;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors of Orange Water and Sewer Authority has determined to renew the Public Officials and Employees Liability Insurance policy with National Union Fire Insurance Company of Pittsburgh, PA for a period of one year, for \$2,000,000 of coverage, at a total premium of \$25,004.00.

2. That the Executive Director be, and he hereby is, authorized and directed to renew the Public Officials and Employees Liability Insurance Policy.

Adopted this 22nd day of March, 2012.