

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

DECEMBER 13, 2012

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, December 13, 2012, at 7:00 PM in OWASA's Community Room at 400 Jones Ferry Road, Carrboro.

Directors present: Alan Rimer, P.E., Chair; Amy Witsil, Secretary; Terri Buckner; Stephen Dear; Michael M. Hughes, P.E.; Gordon Merklein; Will Raymond; and Dana Raborn. Director absent: John A. Young, Vice Chair.

OWASA staff: Ed Kerwin; John Greene; Brett Bradshaw; Stuart Carson; Patrick Davis; Greg Feller; Vishnu Gangadharan; Stephanie Glasgow; Thurman Green; Ed Holland; Heidi Lamay; Andrea Orbich; Ruth Rouse; Kelly Satterfield; Mark Thrift; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Alan Tom, John Brantley and John Galassi, Orange County residents; Mac Clarke and Don Rayno, Chapel Hill residents; Ben Poulson, Associate Director of Energy Services, and Meg Holton Water, Wastewater, and Stormwater Manager for the University of North Carolina at Chapel Hill.

There being a quorum present, Chair Alan Rimer called the meeting to order.

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MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority hereby adopt the resolution titled, Resolution Accepting North Carolina Clean Water State Revolving Fund Loan Offer and Authorizing Executive Director to Execute and Administer Loan Offer and Acceptance Document. (Resolution so titled and attached hereto and made a part of these minutes. Motion by Will Raymond, second by Amy Witsil and carried by unanimous vote.)
2. Will Raymond made a motion to approve the Minutes of the October 25, 2012 Board meeting; the motion was seconded by Amy Witsil and carried by unanimous vote.
3. Will Raymond made a motion to approve the Minutes of the November 8, 2012 Board meeting; the motion was seconded by Amy Witsil and carried by unanimous vote.
4. BE IT RESOLVED THAT the Orange Water and Sewer Authority hereby adopt the resolution titled, Resolution Authorizing a Request to the NC Environmental Management Commission to Convert OWASA's Existing Jordan Lake Level II Water Supply Storage Allocation to Level I. (Resolution so titled and attached hereto and made a part of these minutes. Motion by Gordon Merklein, second by Michael Hughes and carried by vote of 5 to 3 with Stephen Dear, Dana Raborn and Will Raymond opposed.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority hereby adopt the resolution titled, Resolution Authorizing a Merit Pay Increase for Eligible Employees. (Resolution so titled and attached hereto and made a part of these minutes. Motion by Will Raymond, second by Gordon Merklein and carried by unanimous vote.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority hereby adopt the resolution titled, Resolution Awarding a Construction Contract for the Mason Farm WWTP Aeration System and Odor Control Improvements Project. (Resolution so titled and attached hereto and made a part of these minutes. Motion by Terri Buckner, second by Will Raymond and carried by unanimous vote.)

7. BE IT RESOLVED THAT the Orange Water and Sewer Authority hereby adopt the resolution titled, Resolution Awarding a Construction Contract for the Heritage Hills Force Main Replacement Project. (Resolution so titled and attached hereto and made a part of these minutes. Motion by Will Raymond, second by Dana Raborn and carried by unanimous vote.)

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Alan Rimer 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.

ASSEMBLY OF GOVERNMENTS MEETING

Alan Rimer said that Ed Kerwin, Mason Crum, Robert Epting, Terri Buckner and he attended the Assembly of Governments' Meeting on December 6, 2012 in which the local governments received interim recommendations from the Historic Rogers Road Task Force. No questions were asked of OWASA officials.

OWASA BOARD WORK SESSION

Without objection, Alan Rimer said that a Board Work Session would be planned for Thursday, February 14, 2013, to continue work on OWASA's Draft Strategic Plan rather than discuss it on January 10, 2013. The delay will allow the Executive Committee and staff to meet and plan the structure/format of the work session.

COMMITTEE MEETINGS

Amy Witsil said that the Finance Committee met on November 15, 2012, to continue its discussion about the rate study with the consulting firm Burton and Associates. The Committee

evaluated a variety of potential rate structure changes and narrowed its focus to several alternatives that staff will present to the full Board at the January 24, 2013 meeting.

Terri Buckner said that the Natural Resources/Technical Systems (NRTS) Committee met on December 4, 2012, to discuss the petitions the Board received from two customers requesting that OWASA discontinue its current practice of fluoridating drinking water. The NRTS Committee voted unanimously to recommend to the full Board that OWASA proceed with our current practices on fluoride but that we continue to review the science on a periodic basis. On February 28, 2013, the Board will receive feedback from the public and the Committee's recommendation to continue fluoridation in accord with current Federal and State guidelines.

Gordon Merklein said that the Human Resources Committee will meet on Monday, December 17, 2012 at 3:00 P.M. in the OWASA Boardroom to continue discussion of the OWASA Employee Classification and Compensation Study.

#### RUTH ROUSE

Ed Holland introduced Ruth Rouse, OWASA's new Development and Planning Manager.

#### 2012 NC AMERICAN WATER WORKS ASSOCIATION-WATER ENVIRONMENT ASSOCIATION MEDIUM COLLECTION SYSTEM OF THE YEAR

Thurman Green, Distribution and Collection Systems Manager, announced that OWASA was selected as the 2012 recipient of the NC American Water Works Association-Water Environment Association (AWWA-WEA) Medium Collection System of the Year Award. Each year the NC AWWA/WEA recognizes wastewater collection systems that protect the environment through pro-active practices of operation and maintenance that go beyond what is required by the State. The recognition is given to four wastewater collection systems based on their size. Recipients of the Collection System of the Year Award have demonstrated procedures that maintain collection systems in excellent working condition and minimize health hazards and property damage due to sanitary sewer overflows. Mr. Green also recognized Brett Bradshaw, Crew Leader; and Mark Thrift, Utility Mechanic II; in attendance at the Board meeting.

The Board congratulated Mr. Green and his staff on receiving this award.

#### ITEM TWO: PETITIONS AND REQUESTS

Mr. Alan Tom, on behalf of John Brantley and John Galassi, asked that the Cane Creek Reservoir be open an added day each week during the March to November recreational season. Mr. Tom also requested a copy of the agreement between OWASA and the U.S. Army Corps of Engineers as well as the University of North Carolina that was referenced in OWASA's February, 2012 Recreation Report.

The Board referred the petition to staff. Staff will provide a report at the Board's January 10, 2013 meeting. Staff will also give Mr. Tom copies of the agreements requested.

Alan Rimer asked for petitions and requests from the Board and staff; there were none.

ITEM THREE: SEMIANNUAL STATUS REPORT FOR VARIOUS CAPITAL IMPROVEMENT PROJECTS INCLUDING THE SEMIANNUAL REPORT ON COMMUNICATION PLANS FOR CAPITAL PROJECTS

The Board referred this report to the Finance Committee to provide staff guidance regarding format and content of this report.

ITEM FOUR: RESOLUTION ACCEPTING NORTH CAROLINA CLEAN WATER STATE REVOLVING FUND LOAN OFFER AND AUTHORIZING EXECUTIVE DIRECTOR TO EXECUTE AND ADMINISTER LOAN OFFER AND ACCEPTANCE DOCUMENT

Motion by Will Raymond; seconded by Amy Witsil and carried by unanimous vote. Please see Motion No. 1 above.

ITEM FIVE: MINUTES

Will Raymond made a motion to approve the Minutes of the October 25, 2012 meeting of the Board of Directors; the motion was seconded by Amy Witsil, and carried by unanimous vote. Please see Motion No. 2 above.

Will Raymond made a motion to approve the Minutes of the November 8, 2012 meeting of the Board of Directors; the motion was seconded by Amy Witsil, and carried by unanimous vote. Please see Motion No. 3 above.

ITEM SIX: CONVERSION OF OWASA'S LEVEL II JORDAN LAKE WATER SUPPLY STORAGE ALLOCATION TO A LEVEL I

Former OWASA Board member Mac Clarke spoke in support of a request by OWASA to convert its Level II allocation to a Level I Jordan Lake water supply allocation. Mr. Clark noted that it is necessary to convert the Level II allocation (future use) to a Level I allocation (present use) in order for OWASA to have access to this alternative water supply source during extended periods of severe drought or operational emergencies.

Ben Poulson, Associate Director of Energy Services for the University of North Carolina at Chapel Hill (UNC), said UNC is OWASA's largest customer and a strong supporter of water conservation. He stated that the University strongly supports conversion of the Level II allocation to a Level I allocation in order for OWASA to provide a safe, adequate, reliable, supply of water at a reasonable and predictable cost. He noted that the practice of UNC and many public utility users is to plan and act so as to assure themselves of an adequate permanent supply from diverse primary and secondary sources. Mr. Paulson also noted the importance of

redundant supply streams to assure service when one or more parts of a supply system may be compromised.

Dana Raborn asked the Board to postpone the vote due to concerns noted by the Carrboro Board of Aldermen.

Stephen Dear said he agreed with Ms. Raborn and he would oppose a Level I allocation request. Mr. Dear noted the Carrboro Board of Aldermen's opposition to a Level I request and expressed his preference to resolve Carrboro's concerns before submitting OWASA's request to the NC Environmental Management Commission. He said that he would oppose moving forward if any of the three local governments – not just Carrboro – opposed the request.

Will Raymond said that at this time he does not support the conversion of OWASA's Jordan Lake water supply allocation to a Level I. Mr. Raymond stated that the OWASA Board should first adopt the Drought Response Operating Protocol (DROP) before asking that the Level II allocation be changed to a Level I. He also stated that he believed the DROP ought to state that OWASA would relinquish their Jordan Lake allocation once the Quarry Reservoir is on line. He also stated that the DROP ought to state that use of any water from the Jordan allocation ought to be specifically limited only to emergencies.

Terri Buckner said that she supports the conversion of OWASA's Jordan Lake Allocation to a Level I and would like the Board to move forward to approve the DROP as soon as possible.

Gordon Merklein supported converting OWASA's allocation to a Level I as well as the approval of DROP.

Mr. Dear noted that although the operational arguments for moving ahead with a Level I request are convincing, he believes that those arguments are shallow and narrow in scope. He expressed his ongoing concern about the history of the community; how the community has sacrificed for water; promises of what would be done and what wouldn't be done in the future; as well as concerns about the environmental and social issues related to water. Mr. Dear said that he sees a Level I allocation as the opposite of self-sustaining and self-reliant; that a Level I allocation would actually reduce the degree of water supply sustainability and self-reliance that the community has already established. He believes there are other options available, but that he hasn't heard these discussed; that once the allocation is approved, "the horse is out of the gate" regarding the community's future; and that the OWASA Board has an obligation to environmental sustainability – not only an obligation to providing low-cost water to our customers.

Robert Epting noted that under the Water and Sewer Management, Planning and Boundary Agreement, OWASA already has the right to use water from the Jordan Lake reservoir as a backup supply in times of shortage or emergencies for a period of up to ninety days, simply by giving notice to the local elected Boards that it is doing so. However, OWASA can only access that resource by way of transfers through the Town of Cary and City of Durham water systems. The Town of Cary and City of Durham require OWASA to draw water from its own allocation for such purposes, and thus insist that OWASA must have a Level I allocation before

entering into formal contractual arrangements to assure OWASA access to Jordan Lake water. Thus, without a Level I allocation, OWASA is unable to negotiate and put into place the necessary legal arrangements to have access even to 90-day supplies from its Jordan allocation.

Gordon Merklein made a motion to approve the Resolution Authorizing a Request to the NC Environmental Management Commission to Convert OWASA's Existing Jordan Lake Level II Water Supply Storage Allocation to Level I; the motion was seconded by Michael Hughes and carried by vote of 5 to 3 with Stephen Dear, Dana Raborn and Will Raymond opposed. Please see Motion No. 4 above.

ITEM SEVEN: RESOLUTION AUTHORIZING A 2.5 PERCENT AVERAGE MERIT PAY INCREASE FOR OWASA EMPLOYEES

Will Raymond made a motion to approve the resolution; the motion was seconded by Gordon Merklein and carried by unanimous vote. Please see Motion No. 5 above.

Mac Clarke suggested that the Board implement a plan over a period of a few years to eliminate the seven percent gap that was noted in the Employee Classification and Compensation Study.

ITEM EIGHT: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR MASON FARM WASTEWATER TREATMENT PLANT AERATION SYSTEM AND ODOR CONTROL IMPROVEMENTS PROJECT

Terri Buckner made a motion to approve the resolution; the motion was seconded by Will Raymond and carried by unanimous vote. Please see Motion No. 6 above.

ITEM NINE: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR HERITAGE HILLS FORCE MAIN REPLACEMENT PROJECT

Will Raymond made a motion to approve the resolution; the motion was seconded by Dana Raborn and carried by unanimous vote. Please see Motion No. 7 above.

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 from the meeting the following items for future attention:

- The Finance Committee will review Capital Improvements Program reporting at a future Committee meeting.
- The Board agreed to discuss the fluoride petition at the February 28, 2013 Board meeting.

- The January 10, 2013 Board meeting will include:
  - o Consideration of adopting the Drought Response Operating Protocol;
  - o Consideration of awarding construction contract for rehabilitation of the Oaks 3 and Tinkerbell Wastewater Pump Stations;
  - o Consideration of awarding construction contract for Friday Center sewer interceptor replacement;
  - o Report regarding marketing the Taste of Hope Customer Assistance Program;
  - o Report on the petition tonight regarding recreation at the Cane Creek Reservoir; and
  - o Discussion and possible adoption of the recommendations from the Employee Classification and Compensation study.

There being no further business to come before the Board, the meeting was adjourned at 9:48 PM.

**RESOLUTION ACCEPTING NORTH CAROLINA CLEAN WATER STATE REVOLVING  
FUND LOAN OFFER AND AUTHORIZING EXECUTIVE DIRECTOR TO EXECUTE AND  
ADMINISTER LOAN OFFER AND ACCEPTANCE DOCUMENT**

**WHEREAS**, The Federal Clean Water Act Amendments of 1987 and the North Carolina Clean Water Revolving Loan and Grant Act of 1987 have authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of wastewater treatment works, and/or wastewater collection systems; and

**WHEREAS**, the Orange Water and Sewer Authority applied for a Clean Water State Revolving Fund no-interest loan for the planned aeration and mixing system energy efficiency improvements project at the Mason Farm Wastewater Treatment Plant; and

**WHEREAS**, the North Carolina Department of Environment and Natural Resources has approved Orange Water and Sewer Authority's application and offered a State Revolving Loan in the amount of \$6,560,000 for a maximum loan term of 20 years at an interest rate of 0%; and

**WHEREAS**, the Orange Water and Sewer Authority intends to construct said project in accordance with the approved plans and specifications;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Orange Water and Sewer Authority Board of Directors hereby accepts the State Revolving Fund Offer and Acceptance Document, a copy of which is attached hereto and made a part of this resolution.

2. That the Orange Water and Sewer Authority hereby gives its assurance to the North Carolina Department of Environment and Natural Resources that all items specified in the State Revolving Fund Offer and Acceptance Document, Section H – Assurances will be adhered to.

2. That the Board of Directors hereby designates the Executive Director as Orange Water and Sewer Authority's authorized representative for the project, and authorizes and directs the Executive Director to execute said Offer and Acceptance Document and to do all things necessary for the management and execution of the terms and conditions of said document.

3. That the Orange Water and Sewer Authority has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants and loans pertaining thereto.

Adopted this 13th day of December, 2012.

STATE OF NORTH CAROLINA  
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
DIVISION OF WATER QUALITY

**State Loan or Grant Offer and Acceptance**

This Offer must be accepted, if at all, within forty-five (45) days of receipt.  
This Offer is made subject to the attached Standard Conditions and Assurances

**Legal Name and Address of Award Recipient**

Orange Water and Sewer Authority  
400 Jones Ferry Road  
Carrboro, NC 27510

**Account**

Clean Water State Revolving Fund (SRF)   
State General Loan (SRL)   
State Emergency Loan (SEL)   
High Unit Cost Grant (SRG)   
Technical Assistance Grant

**State Project Number:** E-SRF-T-13-0321  
**Federal Project Number:** CS370562-05  
**CFDA Number:** 66.458

**Project Description:**

Mason Farm WWTP – Aeration Energy Improvements

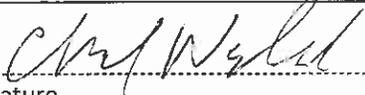
**Total Financial Assistance Offer:** \$6,560,000      **Interest Rate:** zero % Per Annum  
**Total Project Cost:** \$6,691,200      **Maximum Loan Term:** 20 Years  
**Closing Fee (2%):** \$ 131,200 (Actual invoiced closing costs will be calculated based on bids)

Consideration having been given by the Department of Environment and Natural Resources to the application submitted by the applicant pursuant to North Carolina General Statute 159G, (1) the applicant is an eligible unit of government, (2) the project meets the eligibility criteria for a State Loan or Grant, and (3) the project has been approved and certified by the Department of Environment and Natural Resources as being entitled to priority for State financial assistance,

The Department of Environment and Natural Resources, acting on behalf of the State of North Carolina, hereby offers the financial assistance described in this document.

For The State of North Carolina:

**Dee Freeman, Secretary**  
**North Carolina Department of Environment & Natural Resources**

  
Signature \_\_\_\_\_ Date 12/5/12

On Behalf of: Orange Water and Sewer Authority

Name of Representative in Resolution: \_\_\_\_\_

Title (Type or Print): \_\_\_\_\_

I, the undersigned, being duly authorized to take such action, as evidenced by the attached CERTIFIED COPY OF AUTHORIZATION BY THE APPLICANT'S GOVERNING BODY, do hereby accept this State Loan or Grant offer and make the assurances and accept the conditions.

\_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

## STANDARD CONDITIONS FOR FEDERAL SRF LOANS

1. The recipient shall comply with all provisions of the following Federal laws and authorities (super cross-cutters):
  - (a) Title VI of the Civil Rights Act of 1964 – 42 U.S.C. §2000d
  - (b) CFR 35.3145(c) (Civil Rights laws) and provide completed EPA 4700-4 form
  - (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972 – 33 U.S.C. §1251
  - (d) Section 504 of the Rehabilitation Act of 1973 – 29 U.S.C. §794
2. The recipient agrees to establish and maintain a financial management system that adequately accounts for revenues and expenditures.
3. Civil Rights and Labor Standard Requirements, and use of MBE (Minority Business Enterprise), WBE (Women’s Business Enterprise), and Small Businesses:
  - (a) Specific MBE/WBE (DBE) requirements are included in the SRF Special Conditions that are to be included in the contract specifications. Positive efforts shall be made by recipients, their consultants and contractors to utilize small businesses and minority-owned businesses for sources of supply and services. Such efforts should allow these sources the maximum feasible opportunity to compete for subagreements and contracts to be performed, utilizing Federal SRF funds. Documentation of efforts made to utilize minority and women-owned firms must be maintained by all recipients, consulting firms, and construction contractors, and made available upon request.
  - (b) The recipient shall not award contracts to any firm that has been debarred for noncompliance from the Federal Labor Standards, Title VI of the Civil Rights Act of 1964, as amended, or any firm that appears on the EPA’s list of debarred firms. The recipient shall also comply with 40 CFR 32. (Complete the Debarment Certification in the SRF Special Conditions)
  - (c) The recipient shall require all prime construction contractors, as part of their bid, to certify that subcontracts have not and will not be awarded to any firm that has been debarred for noncompliance from the Federal Labor Standards, Title VI of the Civil Rights Act of 1964, as amended, or Executive Order 11246, as amended, or any firm that appears on the EPA’s list of debarred firms. (Complete the Debarment Certification in the SRF Special Conditions for each Subcontractor)
  - (d) The recipient shall require all contractors on the project to comply with the Department of Labor’s Safety and Health Regulations for construction promulgated under the Occupational Safety and Health Act of 1970 (PL 91-946), under Section 107 of the Contract Work Hours and Safety Standards Act (PL 91-54).
  - (e) The recipient shall ensure all contractors are in compliance with applicable Equal Employment Opportunity regulations.

#### 4. Acquisition of Real Property:

The recipient shall comply with all applicable provisions of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (PL 92-646), as amended, in regard to acquisition of all real property, (including easements), for the project covered by this loan, and any resulting relocation of persons, businesses, or farm operations. See Assurance 8.

#### 5. Prompt Payment and Payment Retainage:

It is the policy of the State of North Carolina to make timely periodic loan disbursements to the recipient, and to require the recipient to make prompt periodic payment on subagreements. Partial disbursements on this loan will be made promptly upon request, subject to adequate documentation of incurred eligible costs, and subject to the recipient's compliance with the conditions of this loan and subsequent amendments;

- (a) The recipient agrees to make prompt payment to its contractor, and to retain only such amount as allowed by North Carolina General Statute.
- (b) The recipient agrees to include appropriate provisions in each construction contract, and to require the prime contractor to include them in all subcontracts, to implement this prompt payment requirement.

#### 6. **The construction contract(s) requires the contractor to adhere to Davis Bacon and Related Acts Provisions and Procedures as listed in the Code of Federal Regulations Chapter 29 Part 5 Section 5 (29 CFR 5.5). Public Law pertaining to this is also enacted in Title 40, United States Code, Subtitle II Section 3141 through Section 3148.**

### **ASSURANCES**

1. The recipient acknowledges that in the event that a milestone contained in the most recent Clean Water State Revolving Fund Intended Use Plan and/or the Notice of Intent to Fund is not met, this State Loan or Grant offer will be rescinded by the Department of Environment and Natural Resources.
2. The final plans and specifications have or will be approved by the Division of Water Quality and the applicant so notified, prior to the project being advertised or placed on the market for bids.
3. Eligible project expenses are as discussed in the North Carolina Clean Water SRF Program Guidance. Projects will not receive reimbursement for sales taxes. Sales taxes are deducted from project costs at the 90% milestone in accordance with the SRF Program Guidance.
4. The applicant agrees to construct the project or cause it to be constructed to final completion in accordance with the application and plans and specifications approved by the Division of Water Quality.
5. The construction contract(s) requires the contractor to furnish performance and payment bonds, each of which is in an amount of not less than one hundred percentum (100%) of the contract price; and to maintain during the life of the contract(s) adequate fire, extended coverage, workmen's compensation, public liability, and property damage insurance.

6. The construction of the project, including the letting of contracts in connection therewith, conforms to the applicable requirements of State and local laws and ordinances.
7. Any change or changes in the approved plans and specifications or contract(s) which (has/have) made or will make any major alteration in the work required by the plans and specifications, or which increases the cost of the project above the latest estimate approved by the Department of Environment and Natural Resources, was or will be submitted to the Division of Water Quality for approval.
8. The construction contract(s) provides that any duly authorized representative of the State will have access to the work whenever it is in preparation or progress, and that the contractor will provide proper facilities for such access and inspection. Further, any authorized representative of the State shall have access, for the purpose of audit and examination, to any books, documents, papers and records of the applicant that are pertinent to funds received under the Act; and the applicant shall submit to the Division of Water Quality such documents and information as it may require in connection with the project.
9. The applicant will provide and maintain competent and adequate engineering supervision and inspection of the project to insure that the construction conforms with the approved plans and specifications.
10. The applicant shall demonstrate to the satisfaction of the Department of Environment and Natural Resources that it has or will have a fee simple or such other estate or interest in the site of the project, including necessary easements and rights-of-way, to assure undisturbed use and possession for the purpose of construction and operation for the estimated life of the project prior to the authorization to award construction contracts. No loan disbursements will be made until clear site certificates are submitted.
11. At least thirty (30) days, shall be allowed from the first date of publication to the date of bid opening.
12. The Project Bid Information package, including MBE and WBE (DBE) requirements, must be submitted and approved prior to the State issuing an Authorization to Award letter. If the approval of the debt instrument for this loan is necessary for the applicant to award contracts, the completed Project Bid Information and supporting documentation must be delivered to the Division of Water Quality a minimum of twenty (20) days prior to the award of contracts.
13. The recipient shall not award any contracts for construction until the Authority to Award is given by the State. Doing so, will be at the risk of the award recipient.
14. Recipient acknowledges that no loan disbursements will be made until the contract documents are submitted and approved. The recipient shall notify the State when contracts are awarded.
15. The recipient shall conduct a preconstruction conference, if applicable, for each construction contract in cooperation with the State, and, in accordance with guidelines which shall be furnished by the State. The State shall be invited to the conference.
16. The Local Government Commission will forward the debt instrument after total project costs are established in the Authority to Award Letter. The applicant must execute the debt instrument a minimum of ten (10) days prior to the request of disbursement of loan funds.
17. Recipient acknowledges that no loan disbursements will be made on the engineering planning and design or construction phase services until the contracts are submitted and approved.

18. Eligible small purchases estimated to exceed \$10,000 require three informal bids for approval.
19. Within thirty (30) days of the date of completion of the project, the applicant will make available to the Construction Grants Section staff all requested project closeout items including final costs for the purpose of making final adjustments to the Revolving Loan and debt instrument.
20. All principal payments will be made annually on or before May 1<sup>st</sup>. The first principal payment is due not earlier than six months after the original date of completion of the project. All interest payments will be made semiannually on or before May 1<sup>st</sup> and November 1<sup>st</sup> of each year. The first interest payment is due not earlier than six months after the original date of completion of the project.
21. In accordance with G.S. 159-26(b)(6), a capital project fund is required to account for all debt instrument proceeds used to finance capital projects. It is required that a capital project ordinance, in accordance with G.S. 159-13.2, be adopted by the governing board authorizing all appropriations necessary for the completion of the project. A copy of the approved ordinance must be submitted to this office before submitting the first reimbursement request.
22. Adequate accounting and fiscal records will be maintained during the construction of the project and these records will be retained and made available for a period of at least three (3) years following completion of the project.
23. All funds loaned pursuant to North Carolina General Statute 159G shall be expended solely for carrying out the approved project and an audit shall be performed in accordance with G.S. 159-34, as amended. Please note that the State is not a party to the construction contract(s) and the loan recipient is expected to uphold its contract obligations regarding timely payment. See Standard Condition 5.
24. The applicant shall demonstrate to the satisfaction of the Department of Environment and Natural Resources its ability to pay the remaining or ineligible cost of the project.

**Acknowledgement of Standard Conditions and Assurances**

The Applicant hereby gives assurance to the Department of Environment and Natural Resources that the declarations, assurances, representations, and statements made by the applicant in the application; and all documents, amendments, and communications filed with the Department of Environment and Natural Resources by the applicant in support of its request for a loan will be fulfilled.

<p>..... Signature</p>	<p>..... Date</p>
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**RESOLUTION AUTHORIZING A REQUEST TO THE NC ENVIRONMENTAL  
MANAGEMENT COMMISSION TO CONVERT OWASA'S EXISTING JORDAN  
LAKE LEVEL II WATER SUPPLY STORAGE ALLOCATION TO LEVEL I**

**WHEREAS**, OWASA is responsible for providing current and future customers with a reliable, sustainable, and cost-effective supply of high quality drinking water at all times, and is committed to making the highest and best use of our local water resources; and

**WHEREAS**, OWASA's water conservation and reclaimed water programs, which are key components of our sustainable resource management strategy, have successfully and consistently reduced water consumption during the past ten years among all customer groups; and

**WHEREAS**, as a result of these efforts by all customers, OWASA's Cane Creek, University Lake, and Quarry Reservoirs are able to meet the community's expected water supply needs through 2060 under most circumstances; and

**WHEREAS**, notwithstanding these significant achievements, we will become increasingly susceptible to extended periods of extreme drought, especially until the expanded Quarry Reservoir is available in the mid 2030s; and

**WHEREAS**, it is prudent for OWASA to proactively plan and prepare for extreme droughts as well as operational emergencies; and

**WHEREAS**, the B. Everett Jordan Reservoir (Jordan Lake) has been recognized as an element of OWASA's long-range water supply planning since the NC Environmental Management Commission first approved a Level II water supply storage allocation for OWASA in 1988; and

**WHEREAS**, OWASA's current *Long-Range Water Supply Plan (as Revised through April 20, 2012)* identifies Jordan Lake as a necessary "insurance policy" for use during future periods of extended drought or operational emergencies, especially until OWASA's expanded Quarry Reservoir is available in the mid-2030s; and

**WHEREAS**, staff of the NC Division of Water Resources (DWR) has advised OWASA that any use of Jordan Lake water, even for temporary or emergency use, must come from a Level I allocation; and the staffs of the Town of Cary and City of Durham have stated that OWASA must have its own Level I allocation as a prerequisite for any new or modified transfer agreements that would guarantee water to OWASA under specified conditions; and

**WHEREAS**, it is now apparent that OWASA must have a Level I allocation to use Jordan Lake under any short or long-term circumstances, including the existing Mutual Aid agreements with Cary and Durham; and

**WHEREAS**, DWR staff has expressed the opinion that OWASA's intended use of Jordan Lake as part of its strategy to minimize the risks of reservoir depletion during severe droughts or water supply emergencies is a sound and valid approach to water supply contingency planning and not inconsistent with 15A NCAC 02G.0504(b) of the Jordan Lake water supply

allocation rules, which states that *"the Commission will assign Level I allocations of Jordan Lake water supply storage based on an intent to begin withdrawing water within five years of the effective date of allocation."*

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

1. The Executive Director is hereby directed to send a letter to the NC Environmental Management Commission that includes the following elements:

- A request to immediately convert OWASA's existing Level II Jordan Lake water supply storage allocation to Level I, and
- A statement of OWASA's intended use of Jordan Lake to supplement the supply of water available in OWASA's primary supply sources (University Lake, Cane Creek Reservoir, and Quarry Reservoir) during infrequent periods of extended drought or operational emergencies.

2. The Board hereby reaffirms that OWASA shall only purchase water from other communities or obtain water from its Jordan Lake storage allocation during periods of increased drought risk after it has declared a Stage 1 Water Supply Shortage per OWASA's State-approved Water Shortage Response Plan and OWASA's Conservation Standards as incorporated therein.

3. Any decision to invest OWASA funds in capital facilities needed to fully access its Jordan Lake allocation and/or to make periodic payments to Durham and/or Cary under the terms of new or modified water sales agreements will be based on an objective assessment of the likely risks and benefits of the proposed investment or expenditure; and, such an assessment will include the consideration of the costs and benefits of alternative approaches.

Adopted this 13<sup>th</sup> day of December 2012.

**RESOLUTION AUTHORIZING A MERIT PAY INCREASE  
FOR ELIGIBLE EMPLOYEES**

**WHEREAS**, to adequately and appropriately provide water, sewer and reclaimed water services to the customers of Orange Water and Sewer Authority (OWASA), a sufficient and competent staff is necessary to perform the variety of services required; and

**WHEREAS**, to recruit and retain qualified employees to fulfill the foregoing commitment, such employees shall receive fair and equitable compensation for the services performed; and

**WHEREAS**, OWASA's consultant (The Waters Consulting Group, Inc.) has recommended an average merit pay increase for eligible employees of 2.5 percent during Fiscal Year 2013; and

**WHEREAS**, the Board has determined to award a 2.5 percent average merit pay increase to eligible employees, effective November 5, 2012;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Board of Directors hereby approves a 2.5 percent average merit pay increase to eligible employees effective November 5, 2012.

Adopted this 13<sup>th</sup> day of December 2012.

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE MASON  
FARM WWTP AERATION SYSTEM AND ODOR CONTROL IMPROVEMENTS  
PROJECT**

**WHEREAS**, there is a need for the replacement and upgrade of several components of the Mason Farm Wastewater Treatment Plant (WWTP) aeration system, and for the installation of infrastructure to capture and treat air emanating from certain portions of the activated sludge biological treatment process; and

**WHEREAS**, plans and specifications for the construction of this project have been prepared by Brown and Caldwell and were subsequently approved by the North Carolina Department of Environment and Natural Resources (NCDENR) Infrastructure Finance Section; and

**WHEREAS**, advertisement for contractor qualifications was published on the OWASA website and in the Greater Diversity News (Wilmington, NC) on August 9, 2012 and fourteen contractors were pre-qualified to bid on the project; and

**WHEREAS**, on October 19, 2012, the prequalified contractors were formally invited to submit construction bids for the project, and four bids were subsequently received, opened and read aloud on November 27, 2012; and

**WHEREAS**, English Construction Company of Lynchburg, Virginia subsequently requested and was allowed to withdraw their bid due to a clerical error in bid preparation, consistent with the requirements of North Carolina General Statute 143-129.1; and

**WHEREAS**, Haren Construction Company of Etowah, Tennessee has been determined to be the low responsive, responsible bidder for the project; and

**WHEREAS**, on June 9, 2011 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project; and

**WHEREAS**, the State of North Carolina has offered OWASA a 20-year, no-interest loan in the amount of \$6,560,000 for the aeration and mixing system energy efficiency improvements to be completed as part of this project; and

**WHEREAS**, said loan offer is subject to NCDENR's approval of the contract award and OWASA's acceptance of NCDENR's Loan Offer and Acceptance Document;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That, subject to the approval of NCDENR and provided said approval is received on or before December 31, 2012, the Orange Water and Sewer Authority Board of Directors awards the construction contract to Haren Construction Company, the low responsive, responsible bidder for the Mason Farm WWTP Aeration System and Odor Control Improvements Project, in accordance with the approved plans and specifications, in the amount of \$9,963,000, subject to such change orders as may apply.

2. That, following receipt of NCDENR's approval as provided above, or after December 31, 2012 whichever occurs first, the Executive Director be, and hereby is, authorized to execute said construction 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 13th day of December 2012.

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE HERITAGE  
HILLS FORCE MAIN REPLACEMENT PROJECT**

**WHEREAS**, there is a need for the replacement of the Heritage Hills Force Main; and

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

**WHEREAS**, advertisement for contractor qualifications was published on the websites of the North Carolina Institute of Minority Economic Development, Carolinas AGC, and OWASA in March 2012, and seven contractors were qualified to bid; and

**WHEREAS**, on October 19, 2012, the prequalified contractors were formally invited to submit construction bids for the project, and four bids were received on November 28, 2012; and

**WHEREAS**, Pipeline Utilities of Raleigh, North Carolina has been determined to be the low responsive, responsible bidder for the project; and

**WHEREAS**, on June 9, 2011 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 Pipeline, the low responsive, responsible bidder for the Heritage Hills Force Main Replacement Project, in accordance with the approved plans and specifications, in the amount of \$791,298.50, 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 13th day of December 2012.