

ORANGE WATER AND SEWER AUTHORITY
ANNUAL MEETING OF THE BOARD OF DIRECTORS

SEPTEMBER 26, 2013

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its Annual Meeting on Thursday, September 26, 2013, at 7:00 PM in OWASA's Community Room at 400 Jones Ferry Road, Carrboro.

Board Members present: Alan Rimer, P.E., Chair; John A. Young, Vice Chair; Michael M. Hughes, P.E., Secretary; Terri Buckner; Stephen Dear; Will Raymond; and Amy Witsil. Board Members excused: Heather Payne and Dana Raborn.

OWASA staff present: Ed Kerwin; Donald Boggs; Mary Darr; Patrick Davis; Randy Horton; Andrea Orbich; Kelly Satterfield; Todd Taylor; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Mac Clarke, Chapel Hill resident; and Courtney Cultret; John and Katherine Greene; Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill; Lucas Jackson and Aaron Smith of Martin, Starnes & Associates.

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 adopt the resolution titled Resolution Honoring the Outstanding Service of John W. Greene, Jr., P.E., to the Chapel Hill, Carrboro and Orange County Community. (Resolution so titled attached hereto, and made a part of these minutes. Motion by Will Raymond, second by Amy Witsil and unanimously approved.)

2. Steve Dear made a motion to approve the Minutes of the August 22, 2013 Board meeting; second by Will Raymond and unanimously approved.

3. Steve Dear made a motion to approve the Minutes of the August 22, 2013 Closed Session to discuss a personnel matter; second by Will Raymond and unanimously approved.

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled Resolution Reappointing Robert Epting as General Counsel to the Orange Water and Sewer Authority. (Resolution so titled attached hereto, and made a part of these minutes. Motion by Will Raymond, second by Amy Witsil and unanimously approved.)

5. Michael Hughes made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Will Raymond and unanimously approved.

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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.

RESOLUTION HONORING THE OUTSTANDING SERVICE OF JOHN W. GREENE, JR., P.E., TO THE CHAPEL HILL, CARRBORO AND ORANGE COUNTY COMMUNITY

Alan Rimer read aloud the resolution honoring the service of John W. Greene, Jr., P.E., OWASA's General Manager of Operations, who is retiring with 32+ years of service.

The Board and staff expressed sincere appreciation to Mr. Greene for his leadership and service to OWASA.

Will Raymond made a motion to approve the resolution; it was seconded by Amy Witsil and unanimously approved. Please see Motion No. 1 above.

COMMITTEE MEETINGS

Terri Buckner reported that the Natural Resources and Technical Systems (NRTS) Committee met on September 11, 2013 and received a staff report on potential renewable energy strategies. Ms. Buckner said that OWASA is currently developing an energy management plan as part of this year's strategic plan and that although there is no formal energy policy, energy efficiency is considered as operational and capital improvement needs are evaluated. The NRTS Committee learned about various options for utilizing renewable energy within water and sewer operations. To date, none of the options for using renewable energy, such as solar or biogas, makes financial sense for OWASA alone, but may make more sense when reviewed in conjunction with regional partners. As OWASA evaluates potential renewable energy projects, consideration needs to be given to non-monetary benefits as well as cost savings. Ms. Buckner said the next two NRTS Committee meetings will be Wednesday, November 6, 2013 and Wednesday December 4, 2013 at 5:30 PM in the OWASA Boardroom to discuss advanced metering infrastructure and the Jordan Lake allocation application, respectively. In 2014, NRTS Committee meetings will be scheduled for the first Wednesday of each month at 5:30 PM.

Steve Dear invited Board Members to attend the Outreach Committee meeting on Thursday, October 17, 2013 at 5:15 PM in the OWASA Boardroom.

Will Raymond said that the Human Resources Committee will meet on Thursday, October 3, 2013 and Wednesday, October 9, 2013. Both meetings are to discuss and prepare a recommendation regarding employee compensation for Fiscal Year 2014. In the October 9th

meeting, the Committee will also discuss possible organizational changes in the Finance and Customer Service Department.

John Young said that a Board Strategic Planning Work Session will be held in the week of October 28th. Mr. Young also said that the Finance Committee will meet on Thursday, October 10, 2013 and November 14, 2013 at 5:30 PM in the OWASA Boardroom to begin discussion of the budget process and capital improvement planning.

MARY DARR AND TODD TAYLOR

Ed Kerwin introduced Mary Darr, P.E., who was promoted effective August 12, 2013, as OWASA's new Director of Engineering and Planning. Mr. Kerwin then introduced Todd Taylor, P.E., OWASA's new General Manager of Operations effective September 16, 2013.

ITEM TWO: PETITIONS AND REQUESTS

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

ITEM THREE: PRESENTATION OF ANNUAL REPORT

Ed Kerwin said the Annual Report for Fiscal Year 2013 (July 1, 2012 to June 30, 2013) was a team effort by the Board and staff. Mr. Kerwin said that OWASA operated in full compliance with Federal and State requirements for the water and wastewater systems. OWASA was also named one of the first of three utilities in the U.S. to receive the Partnership for Safe Water's Phase III Directors Award for Distribution System Optimization. Staff has made progress in developing OWASA's asset management program and in December 2012 the Board awarded a contract to improve the aeration system at the Mason Farm Wastewater Treatment Plant (WWTP). The improvements at the WWTP will reduce energy use and meet OWASA's odor commitment by the end of 2014.

Mr. Kerwin also said that staff has filled the following seven key leadership positions and four have been internal promotions:

- Ruth Rouse, Planning and Development Manager – November 2012, external hire.
- James Dodson, Maintenance Coordinator – December 2012 (new position to support asset management), internal promotion.
- Justin Andrews, Crew Leader – December 2012, internal promotion.
- Ted Schaffer, Crew Leader – December 2012, internal promotion.
- Johnny Riley, Senior Lake Warden – April 2013, external hire.
- Mary Darr, Director of Engineering and Planning – August 2013, internal promotion.
- Todd Taylor, General Manager of Operations – September 2013, external hire.

Stephen Winters said that for the third year, the audit was performed by Martin, Starnes & Associates. The success of this audit is a testament to the entire OWASA team and it is a

positive reflection on the Finance and Customer Service staff. Mr. Winters thanked his staff for all their hard work and job well done.

Mr. Winters said that agenda information included a draft of OWASA's Comprehensive Annual Financial Report; it will be finalized following minor presentation-type changes but the numbers in the report will not change.

Mr. Winters then introduced Aaron Smith, Audit Manager from Martin, Starnes & Associates. Noting that this is Martin, Starnes' third year performing OWASA's audit, he said the firm has extensive experience working with North Carolina local governments. He further stated that OWASA was pleased with the services the firm delivered.

Mr. Smith said OWASA received an unqualified opinion that the financial statements fairly present OWASA's financial operations and position and can be relied upon by third parties, citizens, underwriters and bond holders. He stated that no significant deficiencies in internal control were identified.

Alan Rimer suggested staff poll the Board Members to see who prefers a hard copy of the Comprehensive Annual Financial Report and who prefers to view the report on OWASA's website.

ITEM FOUR: MINUTES

Steve Dear made a motion to approve the August 22, 2013 Minutes of the Board of Directors; second by Will Raymond, and unanimously approved. Please see Motion No. 2 above.

Steve Dear made a motion to approve the Minutes of the August 22, 2013 Closed Session to discuss a personnel matter; second by Will Raymond, and unanimously approved. Please see Motion No. 3 above.

ITEM FIVE: RESOLUTION REAPPOINTING ROBERT EPTING AS GENERAL COUNSEL TO THE ORANGE WATER AND SEWER AUTHORITY

Will Raymond made a motion to adopt the resolution; the motion was seconded by Amy Witsil, and unanimously approved. Please see Motion No. 4 above.

ITEM SIX: BOARD SELF ASSESSMENT

Alan Rimer suggested, and the Board concurred, to begin the process of a Board Self Assessment. Mr. Rimer said he would draft a proposal and forward it to the Board for comments.

ITEM SEVEN: 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 as follows:

- Staff will finalize the financial report, post it on the OWASA website, and distribute hard copies to those Board Members who would like one.
- Staff will distribute updated Board calendars through November 2013.
- Staff will follow up on Will Raymond's request to identify key dates on the Board calendar to remind Board Members of various actions to be taken by the Board.

The October 10, 2013 Board Meeting will include:

- A recommendation from the Human Resources (HR) Committee regarding Fiscal Year 2014 merit and cost of labor adjustments in employee compensation.
- A recommendation from the HR Committee regarding possible organizational changes in the Finance and Customer Service Department.
- The Finance Committee will meet on October 10, 2013 prior to the Board meeting.

ITEM EIGHT: CLOSED SESSION

Michael Hughes made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Will Raymond and unanimously approved. Please see Motion No. 5 above.

There being no further business to come before the Board, the meeting was adjourned at 9:00 P.M.

Attachments

**RESOLUTION HONORING THE OUTSTANDING SERVICE OF
JOHN W. GREENE, JR., P.E., TO THE CHAPEL HILL, CARRBORO
AND ORANGE COUNTY COMMUNITY**

WHEREAS, John W. Greene Jr., P.E., has served for 32 years in progressively responsible positions at the Orange Water and Sewer Authority (OWASA); and

WHEREAS, John will retire from his position as General Manager of Operations on October 1, 2013, after 15 years in that position, with responsibilities including management of OWASA's lakes, water and wastewater treatment plants, water distribution and wastewater collection systems, reclaimed water system, pumping facilities, laboratories and maintenance; he served as Director of Engineering and Planning from 1991 to 1998; and he previously worked as an Assistant Chief Engineer and a Field Engineer; and

WHEREAS, John's responsibilities as General Manager of Operations included managing the majority of OWASA's operating and maintenance budget and the majority of OWASA's employees; and

WHEREAS, John has brought an exceptional combination of technical insight, expertise and knowledge, and outstanding interpersonal skills to our community; and

WHEREAS, John's skills and abilities are reflected in OWASA's development into a dynamic, innovative and high-performing public, non-profit agency providing reliable, high quality water, sewer and reclaimed water services to the Carrboro-Chapel Hill community; and

WHEREAS, John has contributed to continuous improvement in the water resources field through his leadership and teaching roles in the North Carolina American Water Works Association-Water Environment Association (NCAWWA-WEA), the North Carolina Collection and Distribution School, the North Carolina Wastewater Operators' School, and by serving on the Board of Trustees for the NCAWWA-WEA and the Board of Directors for the Upper Cape Fear River Basin Association; and in 2008 he became the twenty-first recipient of the NCAWWA-WEA's Raymond E. "Red" Ebert Award for excellence in water and wastewater engineering and management; and

WHEREAS, John's dedication to ensuring OWASA's essential services were properly maintained or quickly restored in the event of severe weather or other operational emergencies was demonstrated by his around-the-clock commitment to effectively respond and lead his Teams under any circumstances; and

WHEREAS, John's integrity and strong work ethic set the example for all OWASA employees; and

WHEREAS, John always freely gave of his time and shared his experience and expertise with coworkers, Board Members and the community; and

WHEREAS, John Greene is well-loved and respected at OWASA and his friendship, good cheer in all circumstances, and sense of duty will be greatly missed;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors of the Orange Water and Sewer Authority, acting through its Members, Alan Rimer, John Young, Michael Hughes, Terri Buckner, Stephen Dear, Heather Payne, Dana Raborn, Will Raymond and Amy Witsil, hereby expresses to John W. Greene, Jr. the Board's sincere appreciation and admiration for his outstanding service to the people of the Chapel Hill, Carrboro and Orange County community, and wishes John a long, healthy and happy retirement.

Adopted this 26th day of September, 2013.

**RESOLUTION REAPPOINTING ROBERT EPTING AS GENERAL COUNSEL
TO THE ORANGE WATER AND SEWER AUTHORITY**

WHEREAS, the Orange Water and Sewer Authority is a public, corporate entity organized and operated under the laws and statutes of the State of North Carolina and is engaged in the provision of public water, sewer and reclaimed water services within its service area; and

WHEREAS, the Board of Directors of Orange Water and Sewer Authority finds that it is necessary and appropriate to provide for and obtain general legal counsel and services to assist in the establishment of policy and the administration and operations of the business and affairs of OWASA so that due regard may be given to the pertinent laws, regulations, and statutes; and

WHEREAS, Robert Epting has served as General Counsel to OWASA since October 1, 1984, and has rendered competent and appropriate legal services in that regard, and the Board of Directors wishes to continue his services as General Counsel;

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

1. That Robert Epting of the firm of Epting and Hackney, Chapel Hill, N.C., is hereby reappointed General Counsel of Orange Water and Sewer Authority in accordance with the terms and conditions set out in his letter dated August 5, 2013 to the Executive Director.

2. That as General Counsel, Robert Epting will serve under the general direction of the Board of Directors and upon the request of the Executive Director, subject to his ultimate responsibility to the Board of Directors.

3. That this reappointment will be effective October 1, 2013, and shall continue, subject to annual review by the Board of Directors prior to the time of the Annual Meeting or until terminated by either the Board of Directors or Robert Epting, in accordance with the terms and conditions of the said letter dated August 5, 2013.

Adopted this 26th day of September, 2013.