

Orange Water and Sewer Authority

Annual Meeting of the Board of Directors

September 28, 2017

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its annual meeting on Thursday, September 28, 2017 at 7:00 p.m. in the Council Chamber at Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard, Chapel Hill.

Board Members present: Robert Morgan (Chair), Heather Payne (Vice Chair), Yinka Ayankoya (Secretary), Ray DuBose, John Morris and John A. Young. Board Member absent: Jeff Danner and Ruchir Vora.

OWASA staff present: Mary Darr, Robert Epting (Epting and Hackney), Greg Feller, Vishnu Gangadharan, Glorija Gladney, Robin Jacobs (Epting and Hackney), Ed Kerwin, Andrea Orbich, Dustin Rhodes, Ruth Rouse, Kelly Satterfield, Todd Taylor and Stephen Winters.

Others present: Marty Adams, Daria Barazandeh, Alex Boerner (Indy Week), Alice Boyle, Isabel Calingaert, Eleanor Dillon, River Gladney, Meg Holton (Water, Sewer and Reclaimed Water Coordinator, UNC), Micah Intrator, Martha Kelder, Negest Kinte, Shannon McClellan, Ben Poulson (Associate Director of Energy Services, UNC), Sharon Reese, Josephine B. Slade, Marcela Slade, Lisa Stauffer, Tana Hartman Thorn, Claire Viadro, Lamont Wilkins, Amy Weiss, Sarah Willets (Indy Week) and Curtis Williams.

There being a quorum present, Chair Robert Morgan called the meeting to order.

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Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Brandywine Road Water Main Replacement Improvements Project. (Motion by Yinka Ayankoya, second by Heather Payne and unanimously approved.)
2. Yinka Ayankoya made a Motion to approve the Minutes of the September 14, 2017 Work Session of the Board of Directors; second by Heather Payne and unanimously approved.
3. Yinka Ayankoya made a Motion to approve the Minutes of the September 14, 2017 Closed Session of the Board of Directors; second by Heather Payne and unanimously approved.
4. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Administration Building Heating, Ventilation, and Air Conditioning Replacement Project. (Motion by John Young, second by Ray DuBose and unanimously approved.)
5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Reappointing the Firm of Epting and Hackney as General Counsel to the

Orange Water and Sewer Authority. (Motion by Heater Payne, second by Yinka Ayankoya and unanimously approved.)

6. John Morris made a motion that the Board of Directors convened in a Closed Session in the First Floor Conference Room for the purpose of discussing a personnel matter; second by Barbara Foushee and unanimously approved.

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Announcements

Robert Morgan 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 at this time; none were disclosed.

Committee Meetings

John Young said that the Natural Resources and Technical Services (NRTS) Committee met on September 26, 2017 to discuss two items: a potential biogas-to-energy project; and whether an evaluation of OWASA land should be completed to determine if any OWASA land could be sold. Mr. Young said that after receiving an update from staff on the biogas-to-energy project, the NRTS Committee unanimously decided it would reconvene in November 2017 to discuss this topic after staff gathers additional information from a national workshop and from other North Carolina utilities with similar projects. The Committee also received an overview of OWASA owned land and discussed options regarding the types of evaluations that could be done to see if any land could be sold. The NRTS Committee unanimously agreed to recommend delaying the analysis until progress is made on forest management practices and without objection, the Board concurred that no action is needed at this time.

Heather Payne said that the Chapel Hill Town Council's OWASA Committee and the Chapel Hill Appointees to the OWASA Board of Directors will meet on October 5, 2017, at 8:00 a.m. in the OWASA Boardroom. Chapel Hill Mayor Pam Hemminger plans to attend this meeting to discuss OWASA fees for new service and what options/constraints OWASA may have regarding these fees as it pertains to their affordable housing initiatives and other community purposes.

Barbara Foushee said that the Human Resources Committee will meet on Wednesday, October 18, 2017 at 6:00 p.m. in OWASA's Boardroom to discuss employee benefits.

Annual Report for July 2016 through June 2017 on Collection, Treatment and Recycling of Wastewater and Biosolids

Todd Taylor said that staff distributed an annual report to accountholders on the operation of the wastewater collection and treatment systems and on the treatment and recycling of biosolids. This report was also distributed to local officials and media, and posted on OWASA's website. The key takeaway from the report was that OWASA continued to surpass the treated wastewater quality standards for the Mason Farm Wastewater Treatment Plant (WWTP). Mr. Taylor expressed appreciation to staff for their hard work to exceed goals at the WWTP.

Item One: Presentation of Annual Report

In presenting OWASA's Annual Report for Fiscal Year (FY) 2017, Ed Kerwin, Executive Director, stated that OWASA is a community owned utility providing water, sewer and reclaimed water service to the Carrboro and Chapel Hill community. Mr. Kerwin said that OWASA has the important responsibility to effectively manage and maintain all the resources, facilities and infrastructure that the community depends on around the clock for high-quality and reliable service.

OWASA has about 800 miles of water and wastewater pipe, enough to go from here to Chicago. With every investment, it is essential to make smart investments in our infrastructure. Mr. Kerwin said that OWASA invests about 50 cents of every revenue dollar into infrastructure. He noted that some projects, such as the ongoing water main replacement work on Hillsborough Street, can be disruptive and OWASA appreciates the community's patience and understanding.

Mr. Kerwin noted that progress has been made to further reduce energy use and work will continue. He said that OWASA's new Agua Vista program, the Advanced Metering Infrastructure project, is underway and he highlighted the important benefits it brings the community in identifying leaks and conserving water as well as eliminating the need to manually read meters. Once Agua Vista is fully implemented throughout the service area, customers will have on-line access that will enable them to monitor their water consumption and set up automatic alerts that can notify them of unusual water-use. Mr. Kerwin said that the \$5 to \$6-million investment in the project does not require an increase in monthly rates and no employees will lose their job.

Stephen Winters, Director of Finance and Customer Service, said that the independent audit of OWASA's FY 2017 financial statements was performed by Martin, Starnes & Associates. The success of this audit is a testament to the entire OWASA team and is a positive reflection on the Finance and Customer Service staff. He introduced and thanked finance staff in the audience (Kelly Satterfield, Finance and Procurement Manager and Glorija Gladney, Financial Analyst) for their hard work and a job well done. Mr. Winters said that agenda information was updated to include a draft of OWASA's Comprehensive Annual Financial Report (CAFR). The CAFR will be finalized within the next few weeks.

Mr. Winters said OWASA is sustainable and well positioned for the future and the water supply is sufficient to meet the community's needs for the next 50 years under most circumstances. He said the community continues to do a great job of conserving water, which enhances the utility's sustainability. Mr. Winters said OWASA's financial condition is very good; there are sufficient reserves; financial performance goals are being met; OWASA holds a AA+ bond rating; and for the sixth year in a row, the annual budget was approved without an increase in monthly water and sewer rates.

Meg Blue, Audit Manager with Martin, Starnes & Associates, said OWASA received an unmodified opinion that the financial statements fairly present OWASA's financial position and results from operations. OWASA's CAFR can be relied upon by third parties, citizens, underwriters and bondholders. Ms. Blue stated that no significant deficiencies in internal control were identified.

The Board congratulated staff on a job well done.

Item Two: Petitions and Requests

Robert Morgan stated that the OWASA Board respects and appreciates comments received from individuals and organizations both, for and opposed to drinking water fluoridation. On September 14, 2017, the OWASA Board agreed to schedule an agenda item this fall to outline when and how the Board would next review fluoridation guidance from professional health organizations such as the US Centers for Disease Control and the Environmental Protection Agency, to also include public feedback. The Board asked staff to outline options, to include the possibility of a leadership role for a County-wide entity such as the Orange County Health Department.

Since the Board's discussion on September 14th, OWASA staff met with the Dr. Dorothy Cilenti, Interim Director of the Orange County Health Department and Dr. Cilenti is interested in considering a County-wide opportunity to discuss oral health and fluoridation in the next couple of years. The Board plans to discuss this topic on Thursday, October 26, 2017 at 7:00 p.m., in Council Chamber at Chapel Hill Town Hall and invites public comment.

Mr. Morgan noted that the Board determined on March 9, 2017, after reviewing considerable public input and reports from national, state, and local agencies that have the scientific data and expertise, and in some cases the statutory responsibility, to advise the public on health issues, that fluoridation of drinking water will be resumed and that the Board does not expect to revisit this decision in the near future. Mr. Morgan said OWASA staff reports that improvements to the fluoride feed system at the Jones Ferry Road Water Treatment Plant will be completed within the next week or so and that a news release will be issued in advance of resuming drinking water fluoridation.

John Young expressed appreciation to the public for joining the Board meeting tonight and sharing their views. Mr. Young said he would value the public's feedback tonight, especially for those individuals who are unable to attend the October 26th meeting, on how the OWASA Board should design the next review of fluoride.

Daria Barazandeh requested the Board look at the science of water fluoridation, the issue of informed consent, and that information regarding fluoride on OWASA's website have a fair and balanced view of fluoride.

Alice Boyle opposed fluoridating drinking water.

Amy Weiss stated she does not consent to fluoridating drinking water.

Lamont Wilkins opposed fluoridating drinking water.

Sharon Reese stated she does not consent to fluoridating drinking water.

Sharon McClellan opposed fluoridating drinking water.

Isabel Calingaert opposed fluoridating drinking water.

Marcela Slade stated she does not consent to fluoridating drinking water.

Micah Intrator said he was grateful for the open dialog on fluoride and opposed fluoridation of drinking water.

Curtis Williams shared a picture of hydro-fluorosilicic acid and said he does not give his consent to fluoridate drinking water.

Tana Hartman Thorn opposed fluoridation of drinking water

Josephine Slade opposed fluoridation of drinking water

Claire Viadro opposed fluoridation of drinking water.

The Board heard the petitions and took no action.

Item Three: 12 Month Board Meeting Schedule

The Board agreed to add to the schedule a Natural Resources and Technical Services Committee meeting to continue the discussion on biogas-to-energy options after staff has collected additional information.

Item Four: Resolution Awarding a Construction Contract for the Brandywine Road Water Main Replacement Project

Yinka Ayankoya made a motion to approve the resolution, second by Heather Payne and unanimously approved. Please see Motion No. 1 above.

Item Five: Minutes

Yinka Ayankoya made a motion to approve the Minutes of the September 14, 2017 Work Session of the Board of Directors; second by Heather Payne and unanimously approved. Please see Motion No. 2 above.

Item Six: Minutes

Yinka Ayankoya made a motion to approve the Minutes of the September 14, 2017 Closed Session of the Board of Directors; second by Heather Payne and unanimously approved. Please see Motion No. 3 above.

Item Seven: Long-Range Water Supply Plan

The Board received the status report on updating OWASA's Long-Range Water Supply Plan as an information item.

Item Eight: Resolution Awarding a Construction Contract for the Administration Building Heating, Ventilation, and Air Conditioning Replacement Project

The Board requested that staff continue to provide information on the analysis of alternatives in making recommendations to award contracts.

John Young made a motion to approve the resolution; second by Ray DuBose and unanimously approved. Please see Motion No. 4 above.

Item Nine: Resolution Reappointing the Firm of Epting and Hackney as General Counsel to the Orange Water and Sewer Authority

Heather Payne made a motion to approve the resolution; second by Yinka Ayankoya and unanimously approved. Please see Motion No. 5 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 Meeting

Ed Kerwin summarized the meeting as follows:

- Staff will add a Natural Resources and Technical Services Committee meeting to the 12 Month Board Meeting Schedule to continue the discussion on biogas options after staff has collected additional information; and
- October 12, 2017 Work Session will include the following items:
 - o Proposed Near-Term Policies and Practices Related to the Rollout of Advanced Metering Infrastructure
 - o Impact of Multi-Family Master-Metered Rate Change
 - o Televising OWASA Board of Directors' Meetings.

Item Ten: Closed Session

John Morris made a motion that the Board of Directors convened in a Closed Session in the First Floor Conference Room for the purpose of discussing a personnel matter; second by Barbara Foushee and unanimously approved. Please see Motion No. 6 above.

The Board came out of closed session and the meeting was adjourned at 9:10 p.m.

Respectfully submitted,



Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE
BRANDYWINE ROAD WATER MAIN REPLACEMENT PROJECT**

WHEREAS, there is a need to replace the water main along Brandywine Road due to its age and condition; and

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

WHEREAS, advertisement for contractor qualifications was published on the websites of the North Carolina Institute of Minority Economic Development, North Carolina Department of Administration, and OWASA in January 2017, and five contractors were qualified to bid; and

WHEREAS, the prequalified contractors were formally invited to submit bids for the project on August 29, 2017, and only two bids were received; and the prequalified contractors were formally invited to resubmit bids on September 11, 2017, and two bids were received; and Moffat Pipe, Inc. of Wake Forest, North Carolina has been determined to be the low, responsive, and responsible bidder; and

WHEREAS, on June 8, 2017 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project; and Orange Water and Sewer Authority expects to receive low-interest loan funding for this project through North Carolina's State Drinking Water Reserve Program;

NOW, THEREFORE, BE IT RESOLVED:

1. That, subject to the approval of the North Carolina Division of Water Infrastructure (DWI), and provided said approval is received on or before November 10, 2017, the Orange Water and Sewer Authority Board of Directors awards the construction contract to Moffat Pipe, Inc., the low responsive, responsible bidder for the Brandywine Road Water Main Replacement Project, in accordance with the approved plans and specifications, in the amount of \$872,357.00, subject to such change orders as may apply.

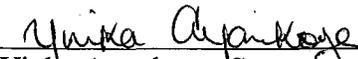
2. That, following receipt of the North Carolina DWI's approval as provided above, or after November 10, 2017 whichever occurs first, the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

Adopted this 28th day of September, 2017.



Robert Morgan, Chair

ATTEST:



Yinka Ayankoya, Secretary

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE
ADMINISTRATION BUILDING HEATING, VENTILATION, AND AIR
CONDITIONING (HVAC) REPLACEMENT PROJECT**

WHEREAS, there is a need to improve energy efficiency and resolve ongoing comfort issues experienced by OWASA customers and employees in the Administration Building by replacing the HVAC system; and

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

WHEREAS, advertisement for contractor qualifications was published on the websites of the North Carolina Institute of Minority Economic Development, North Carolina Department of Administration, and OWASA in June 2017, and five contractors were qualified to bid; and

WHEREAS, on August 31, 2017, the prequalified contractors were formally invited to submit construction bids for the project, and three bids were received; and

WHEREAS, Comfort Systems USA (MidAtlantic), LLC of South Boston, Virginia has been determined to be the low, responsive, and responsible bidder for the project; and

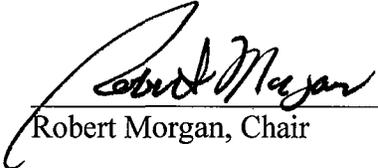
WHEREAS, on June 8, 2017 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Comfort Systems USA (MidAtlantic), LLC, the low responsive, responsible bidder for the Administration Building HVAC Replacement Project, in accordance with the approved plans and specifications, in the amount of \$1,532,000.00, subject to such change orders as may apply.

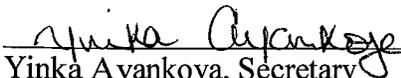
2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

Adopted this 28th day of September, 2017.



Robert Morgan, Chair

ATTEST:



Yinka Ayankoya, Secretary

**RESOLUTION REAPPOINTING THE FIRM OF EPTING AND HACKNEY 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, General Partner of the firm Epting and Hackney, 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 their services as General Counsel;

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

1. That 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 Robert Epting's letter dated September 1, 2017 to the Executive Director.

2. That as General Counsel, he and his firm will serve under the general direction of the Executive Director, subject to the ultimate authority of the Board of Directors.

3. That this reappointment will be effective October 1, 2017, and shall continue until terminated as provided in Mr. Epting's said letter dated September 1, 2017.

Adopted this 28th day of September 2017.


Robert Morgan, Chair

ATTEST:


Yinka Ayankoya, Secretary