ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

OCTOBER 22, 2015

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular business meeting on Thursday, October 22, 2015, at 7:00 PM in Council Chambers at the Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard.

Board Members present: Robert Morgan, Vice Chair; Terri Buckner; Jeff Danner; Barbara Foushee; David (Dave) Moreau; and Ruchir Vora. Board Members absent: John A. Young, Chair; Heather Payne, Secretary; and Quinton Harper.

OWASA staff present: Ed Kerwin; Denise Battle; Mary Darr; Patrick Davis; Vishnu Gangadharan; Stephanie Glasgow; Andrea Orbich; Ruth Rouse; Kelly Satterfield; Todd Taylor; Mary Tiger; Stephen Winters; and Robert Epting, Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina (UNC) at Chapel Hill; Don Schlenger and Kevin O'Connor, Don Schlenger and Associates; and Pamela Tekumalla, Manager of Booker Creek Apartments.

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

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MOTIONS ACTED UPON

1. Dave Moreau made a motion to approve the Minutes of the September 24, 2015 Annual Meeting of the Board of Directors; second by Jeff Danner and unanimously approved.

2. Dave Moreau made a motion to approve the Minutes of the September 24, 2015 Closed Session of the Board of Directors; second by Jeff Danner and unanimously approved.

3. Dave Moreau made a motion to approve the Minutes of the October 8, 2015 Work Session of the Board of Directors; second by Jeff Danner and unanimously approved.

4. Terri Buckner made a motion that the Board of Directors approve the proposed Affordability Outreach Program Plan (Year 1) and authorize staff to proceed to implement the program in accordance with the approach described in the proposed plan; second by Barbara Foushee and unanimously approved.

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Awarding a Construction Contract for the Purefoy Road Water Main Replacement Project. (Resolution so titled attached hereto and made a part of these minutes. Motion by Dave Moreau, second by Barbara Foushee and unanimously approved.)

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ANNOUNCEMENTS

Conflict Of Interest

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 the same at this time. There were none.

Carrboro Board of Aldermen Meeting

Robert Morgan said that as requested by the Town of Carrboro, Mary Darr, Director of Engineering and Planning, made a brief presentation at the October 20th Board of Aldermen's meeting regarding the design for a sewer system to serve the Historic Rogers Road Area. Mr. Morgan said the presentation was well received by the Aldermen.

Special Closed Session

Mr. Morgan said that the Board of Directors will hold a Special Closed Session on Wednesday, November 4, 2015 at 6:00 PM in the OWASA Board Room to continue discussions regarding the Executive Director's annual review.

Meetings

Dave Moreau, Chair of Natural Resources and Technical Systems (NRTS) Committee, said the Committee met on October 20, 2015 to discuss Orange County's Historic Rogers Road Area sewer project. The NRTS Committee received information regarding: OWASA's policies and practices for developing new water and sewer systems; the history of the Rogers Road area; the schedule for completion of final design of the sewer system to serve the Rogers Road Area; and that the final design should be complete in September 2016, although it is subject to change. Mr. Moreau said the next NRTS Committee meeting will be on a date to be determined in December and the topic will either be Advanced Metering Infrastructure or the energy management plan.

Terri Buckner said that the Inter-Local Energy Collaboration Working Group will meet Wednesday, October 28, 2015 at 5:30 PM in the OWASA Board Room to discuss next steps for considering five collaboration initiatives (biogas to energy at the Mason Farm Wastewater Treatment Plant; technical evaluation of solar photovoltaic (PV) opportunities on public facilities and land tracts; outdoor facility lighting; fleet management efficiencies; and joint energy/carbon tracking reporting). The Group will meet again on Wednesday, December 2, 2015 at 5:30 PM in OWASA's Board Room.

Ruchir Vora, Chair of the Community Engagement Committee, said the Committee met on October 13, 2015 to review and discuss the Affordability Outreach Program Plan which will be

discussed in more detail later tonight. The Committee also discussed next steps in defining OWASA's overall community engagement approach.

OWASA Employee Service Awards

Ed Kerwin recognized OWASA employees who have served for 10, 15, 20, 25, 30 and 40 years at OWASA. The following employees received service awards:

10 Years: Derrick Burton
15 Years: LeMarcus Fuller, Nicholas Rogers and Ronnie Weed
20 Years: Dale Lovely, Greg Monschein and Andrea Orbich
25 Years: Stephanie Glasgow, David Moriarty and Maxine Rich
30 Years: Sherman Betts, Melvin Markley, Angie Smith and Michael Wolfgang
40 Years: Randy Horton

The Board thanked and appreciated staff for their service to OWASA and the community.

2015 Customer Survey

Greg Feller said that on October 15, 2015 OWASA began publicizing the 2015 Customer Survey through the following:

- Blue Thumb customer newsletter to be distributed from mid-October to early November to all accountholders.
- A link to the survey as the first item under Welcome to OWASA on the website homepage.
- A news release to media, community organizations, etc. which will remain under Latest News on the homepage for the survey duration.
- E-mails to about 12,500 customers (electronic bills with the survey link from October 15 to November 5).
- A letter/e-mail to managers of multi-family residential properties which are master-metered. The letter/e-mail will ask the property managers to share information electronically and/or in a paper notices to residents.
- A letter with information in Spanish for local organizations such as El Centro which serve Spanish-speaking residents. The on-line survey will be available in Spanish through a separate link.
- A Twitter message.

Mr. Feller said that the survey is expected to cost less than $2,000.

PETITIONS AND REQUESTS

Robert Morgan asked for petitions and requests from the public; there were none.

Ruchir Vora, Chair of the Community Engagement Committee, requested the Board's support for the Committee to work with staff on community engagement. The Board requested that a statement of proposed work for the Committee be prepared for the Board's review at the November 12, 2015 meeting.

Stephen Winters, Director of Finance and Customer Service, requested the Board's preference on when to schedule a discussion of the results of a cost allocation study, an initial phase of the Board's consideration of making modifications to OWASA's rate structure. The Board agreed to discuss the results of the cost allocation study on December 10, 2015.

ITEM ONE: QUARTERLY REPORT ON ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Board received this report as an information item.

ITEM TWO: MINUTES

Dave Moreau made a motion to approve the Minutes of the September 24, 2015 Annual Meeting of the Board of Directors; second by Jeff Danner and unanimously approved. Please see Motion No. 1 above.

ITEM THREE: MINUTES

Dave Moreau made a motion to approve the Minutes of the September 24, 2015 Closed Session of the Board of Directors; second by Jeff Danner and unanimously approved. Please see Motion No. 2 above.

ITEM FOUR: MINUTES

Dave Moreau made a motion to approve the Minutes of the October 8, 2015 Work Session of the Board of Directors; second by Jeff Danner and unanimously approved. Please see Motion No. 3 above.

ITEM FIVE: REVIEW ADVANCED METERING INFRASTRUCTURE (AMI) PRELIMINARY ECONOMIC AND FINANCIAL ANALYSIS

Todd Taylor, General Manager of Operations, provided an update on the AMI Feasibility Study (Study). He said that the complete Study will be ready for the Board's review in November and that no formal Board action is requested tonight, however staff is seeking the Board's feedback on the following aspects of the Study:

- Preliminary economic evaluation of alternatives;
- Preliminary list of proposed non-economic factors to be evaluated, keeping in mind that the detailed economic analyses will be in the draft Study;

- Determine if the Board's Natural Resources/Technical Systems (NRTS) Committee should meet to discuss the economic models in more detail; and
- Board concurrence on amending the AMI project schedule one month.

Dr. Don Schlenger, Don Schlenger and Associates, presented additional details on the Study's analyses and assumptions regarding the preliminary economic evaluation of alternatives as well as the preliminary list of proposed non-economic factors to be evaluated as part of the Study.

Following the presentation and discussion, the Board agreed that a NRTS Committee meeting to further discuss the draft Study was not required. The Board asked staff to provide a list of utilities in North Carolina using AMI. There was also Board concurrence to amend the AMI project schedule by one month and that the draft Study will be distributed to the Board by mid-November 2015.

ITEM SIX: PROPOSED AFFORDABILITY OUTREACH PROGRAM PLAN (YEAR 1)

Patrick Davis, Sustainability Manager, presented a plan for implementing the Affordability Outreach Program Plan (Plan) in the next year as an ongoing initiative. Mr. Davis summarized the 10 proposed strategies for the Plan which are included in the agenda item.

Terri Buckner made a motion that the Board of Directors approve the proposed Affordability Outreach Program Plan (Year 1) and authorize staff to proceed to implement the program in accordance with the approach described in the proposed plan; second by Barbara Foushee and unanimously approved. Please see Motion No. 4 above.

ITEM SEVEN: ANNUAL REVIEW AND UPDATE OF STRATEGIC TRENDS AND UTILITY PLANNING ISSUES

The Board received this report as an information item and suggested next year's review include trend information regarding the causes of sewer overflows. The Board also requested that updates include changing State and Federal regulations that may impact any aspect of OWASA's operations and business practices.

ITEM EIGHT: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE PUREFOY ROAD WATER MAIN REPLACEMENT PROJECT

Barbara Foushee said she would like to review the contract; staff will follow up.

Dave Moreau made a motion to approve the resolution; second by Barbara Foushee and unanimously approved. Please see Motion No. 5 above.

ITEM NINE: FINANCIAL REPORT FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2015

The Board received this report as an information item.

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 as follows:

- Ruchir Vora and staff will prepare a statement of proposed work for the Community Engagement Committee for the Board's review at the November 12, 2015 meeting;
- The Board agreed to discuss the results of the Cost Allocation Study on December 10, 2015;
- The Board agreed that a Natural Resources and Technical Systems Committee meeting to further discuss the draft AMI Study is not required, agreed to amend the AMI project schedule by one month, and that the draft Study will be distributed to the Board by mid-November 2015;
- Staff will provide trend information regarding the causes of sewer overflows;
- Staff will include changing regulations that may impact any aspect of OWASA's operations and business practices in the Annual Review and Update of Strategic Trends and Utility Planning Issues;
- Staff will follow up with Barbara Foushee regarding her questions on the Purefoy Road Water Main Replacement Project contract;
- The November 12, 2015 Work Session will include the following;
    - Discuss Total Compensation Philosophy; and
    - Discuss Board Fiduciary Duties

The meeting was adjourned at 9:15 PM.

Respectfully submitted,

Andrea Orbich

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

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

WHEREAS, there is a need to replace a water main within Purefoy Road; and

WHEREAS, plans and specifications for the construction of this project have been prepared by McKim and 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 May 2015, and four contractors were qualified to bid; and

WHEREAS, on September 1, 2015, the prequalified contractors were formally invited to submit construction bids for the project, and two bids were received; and

WHEREAS, upon re-advertisement of the contract, two bids were received on October 5, 2015; and

WHEREAS, Moffat Pipe, Inc., of Wake Forest, North Carolina has been determined to be the low responsive, responsible bidder for the project; and

WHEREAS, on June 11, 2015 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 Moffat Pipe, Inc., the low responsive, responsible bidder for the Purefoy Road Water Main Replacement Project, in accordance with the approved plans and specifications, in the amount of $936,975, 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 22nd day of October, 2015.

Robert Morgan, Vice Chair

ATTEST:

Andrea Orbich, Assistant-Secretary