Orange Water and Sewer Authority

Annual Meeting of the Board of Directors

September 26, 2019

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its annual meeting on Thursday, September 26, 2019, at 7:00 p.m. in Chapel Hill Town Hall Council Chamber.

Board Members present: Raymond (Ray) DuBose (Chair), Ruchir Vora (Vice Chair), Yinka Ayankoya, John Cooley, Jody Eimers, Robert Morgan, John N. Morris and Bruce Runberg. Board Member absent: Bruce Boehm (Secretary).

OWASA staff present: Mary Darr, Robert Epting, Esq. (Epting and Hackney), Robin Jacobs (Epting and Hackney), Ed Kerwin, Andrea Orbich, Kelly Satterfield, Ruth Rouse, Johnny Riley, Mary Tiger, Todd Taylor and Stephen Winters.

Others present: Scott Alexander (Eagle Solar and Light), Caro Blackburn (UNC Student), Meg Holton (UNC Water Resources Manager), Victoria Johnson (Daily Tarheel), Brenda McCall, Yates McDonald (Daily Tarheel), Brittany McGee (Daily Tarheel), Oliver Picot (UNC Student), Ben Poulson (UNC Associate Director of Energy Services) and Elsa Watts (Martin Starnes & Associates).

Motions

1. Yinka Ayankoya made a motion to approve the Minutes of the September 12, 2019 Closed Session of the Board of Directors for the purpose of discussing a personnel matter; second by Robert Morgan and unanimously approved.

2. John Morris made a motion that the staff be authorized and directed to implement the forest management plan, and in particular to prioritize and select initial areas appropriate for active management in accordance with the incremental approach recommended by staff, all in accordance with the Board approved Vision, Guiding Principles and Community Engagement Plan; staff will provide the Board with regular updates including progress reports, as appropriate, to keep the Board and public informed of this work; second by Jody Eimers and unanimously approved.

3. Ruchir Vora made a motion that the Board of Directors approves for staff to move forward with finalizing a lease agreement with Eagle Solar and Light and to engage in a design process for the installation of solar panels on OWASA facilities to generate and use renewable energy; second by Yinka Ayankoya and the motion passed with a vote of six to two with Robert Morgan and John Morris opposed.

4. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Directing the Filing of an Application with the LGC for Approval of the Issuance and Private Sale of Orange Water and Sewer Authority Water and Sewer System

Revenue Bonds, Series 2019. (Motion by Robert Morgan, second by Jody Eimers and unanimously approved.)

5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Requesting the North Carolina Local Government Commission to Approve the Financing Team to be Used in Connection with the Issuance and Sale of Orange Water and Sewer Authority Water and Sewer System Revenue Bonds, Series 2019. (Motion by Robert Morgan, second by Jody Eimers and unanimously approved.)

6. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Directing the Filing of an Application with the LGC for Approval of the Issuance and Private Sale of Orange Water and Sewer Authority Water and Sewer System Revenue Refunding Bonds, Series 2020. (Motion by Robert Morgan, second by Jody Eimers and unanimously approved.)

7. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Requesting the North Carolina Local Government Commission to Approve the Financing Team to be Used in Connection with the Issuance and Sale of Orange Water and Sewer Authority Water and Sewer System Revenue Refunding Bonds, Series 2020. (Motion by Robert Morgan, second by Jody Eimers and unanimously approved.)

8. 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 Robert Morgan, second by John Morris and unanimously approved.)

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Announcements

Ray DuBose asked if any Board Member knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight to disclose the same at this time; none were disclosed.

Mr. DuBose said Mary Tiger and he attended the September 24, 2019 Orange County Climate Council Meeting and he noted there was strong representation from across the county including local elected officials, staff from towns and schools. The Climate Council decided to the following: meet every month for the rest of the year, until clear action is underway at which point, meetings will be every other month; prior to the next meeting, each entity will submit a summary of climate action successes, challenges, and opportunities for collaboration (this information will be shared with the Board); and climate action pursued by the group may focus on both reducing greenhouse gas emissions and increasing resiliency against climate change.

Mr. DuBose announced a New Board Member Diversity and Inclusion Session with VISIONS, Inc. will be held on Tuesday, October 8, 2019 at 5:00 p.m. in the OWASA Boardroom.

Yinka Ayankoya said on September 24, 2019, Robert Morgan, Mary Tiger, Todd Taylor and she provided OWASA's annual update to the Carrboro Board of Aldermen and Ed Kerwin also attended. Mary Tiger presented an overview of OWASA's Agua Vista project and web portal, to include the many benefits the investment provides the community. Todd Taylor provided an update on OWASA's work to further improve water system resiliency and communications. Information was also provided about our diversity and inclusion work.

Robert Morgan announced a Human Resources (HR) Committee on Monday, September 30, 2019, at 4:30 p.m. in the OWASA Boardroom. Ray DuBose will lead the HR Committee meeting with the purpose of selecting the three best-suited consultants to provide executive search and assessment services for OWASA's next Executive Director. Once the top three consultants are identified, a meeting will be scheduled for those consultants to provide a 15-minute presentation to the Board, with an additional 15 minutes for questions and answers. The Board will select the best-suited firm to provide the needed services.

Ruchir Vora said that on Wednesday, October 2, 2019, Mary Tiger and he will provide a presentation to the Chapel Hill Town Council on the positive community impact of Agua Vista. Mr. Vora noted that John Richardson, Chapel Hill's Resiliency Officer, will share a story of how Agua Vista alerted the Town to leaks that would have gone undetected.

Mr. Vora also announced the Chapel Hill Town Council OWASA Committee and Chapel Hill Appointees to the OWASA Board will meet on Thursday, October 17, 2019 at 8:30 a.m. in the OWASA Boardroom. Discussion items include: managing taste and odor in drinking water; employee diversity and inclusion; engagement with people living in master metered locations; and status update on the Rogerson Drive Force Main replacement.

Petitions and Requests:

Ray DuBose asked for petitions and requests from the public; there were none.

Mr. DuBose asked for petitions and requests from the Board.

Jody Eimers requested OWASA consider updating the Cane Creek Watershed Protection Plan which was initially developed in 1996 and to schedule Natural Resources and Technical Services Committee meetings to support staff with the Long-Range Water Supply Plan.

The Board agreed to refer Ms. Eimer's requests to staff for a recommendation at a future Board meeting.

Mr. DuBose asked for petitions and requests from the public and staff; there were none.

Item One: Presentation of Annual Report

In presenting OWASA's Annual Report for Fiscal Year (FY) 2019, Todd Taylor, General Manager of Operations, stated OWASA is a community owned utility providing water, wastewater and reclaimed water service to the Carrboro and Chapel Hill community. He said

OWASA has the important responsibility to effectively manage and maintain all the resources, facilities and infrastructure that the community depends on for high-quality and reliable service.

Mr. Taylor stated that OWASA continues to operate in full compliance with all federal and state standards for treating the community's drinking water and for recycling highly-treated wastewater back to the environment. Our organization continued to invest in sustainable infrastructure with a focus on reliability and resiliency as well as completion of Agua Vista. He noted this past year OWASA was recognized at the state and national level for maintaining the Partnership for Safe Water's Excellence in Water Treatment, Safe Water's Presidents Award in Distribution System Operation and receiving National Association of Clean Water Agencies' Platinum 9 Peak Performance Award for the Mason Farm Wastewater Treatment Plant.

Mary Darr reiterated OWASA's responsibility to effectively manage and maintain all the resources, facilities and infrastructure that our community depends for high-quality and reliable service. There are nearly 800 miles of water and wastewater pipes as well as reservoirs, several pumping stations and two complex treatment plants. Ms. Darr said about 50 cents of every dollar collected from our customers is reinvested in our infrastructure.

Ms. Darr said it is essential to continue making smart investments in our infrastructure and about 74% of the FY 2019 capital improvement budget went toward rehabilitation or replacement of existing assets, 23% went towards projects that added substantial enhancements and three percent towards projects that increased system capacity. Ms. Darr said majority of the work in our capital improvements program is focused on maintaining or improving the reliability and resiliency of our infrastructure. Over $5 million in FY 2019 was used on the water distribution system investment and 1.3 miles of water mains was replaced. In addition to capital projects, equipment and staff was added for valve maintenance.

Stephen Winters, Director of Finance and Customer Service, noted the Agua Vista project was a $5.3 million investment with a 15-year net present value of $3.25 million. This successful project was in part due to a low-interest loan (1.53%) OWASA received from the state. Agua Vista was completed on-time and under budget and there are over 30% of registered customers on the Web Portal.

Mr. Winters noted the independent audit for FY 2019 was performed by Martin, Starnes & Associates. He said OWASA received an unmodified opinion from our auditor. OWASA's financial situation is stable and sustainable. The success of this audit is a testament to the entire OWASA team and is a positive reflection on the Finance staff for a job well done.

Elsa Watts, 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. Watts stated that no significant deficiencies in internal control were identified.

Item Two: 12 Month Board Meeting Schedule

The Board accepted this as an information item.

Item Three: Minutes

Yinka Ayankoya made a motion to approve the Minutes of the September 12, 2019 Closed Session of the Board of Directors for the purpose of discussing a personnel matter; second by Robert Morgan and unanimously approved. Please see Motion 1.

Item Four: Draft Approach to Prioritize OWASA's Forest Land for Management

Ruth Rouse, Planning and Development Manager, provided a presentation on the draft approach to prioritize forest land for management using Geographic Information System (GIS) as a tool to prioritize our land for management and to track progress in meeting our management goals which is based on OWASA's approved Vision and Guiding Principles for forest management.

Ruchir Vora requested semiannual reports.

Jody Eimers said the plan is well done and wondered if the Board would be involved with the decision if a tract would be replanted as silviculture.

Ms. Rouse said staff would develop the plans and keep the Board informed.

Ed Kerwin said that forest management activities with budget implications would be provided to the Board for guidance and this approach provides flexibility.

John Morris said this is a cautious and well-planned forest management document. He noted there is a lot of information that will be provided to the Board, and the Board has opportunity to comment. He supports staff's recommendation and suggested identifying sites for assessments and not specifying a number of stands to prioritize.

Ray DuBose said he supports the plan and semiannual reporting.

John Morris made a motion that the staff be authorized and directed to implement the forest management plan, and in particular to prioritize and select initial areas appropriate for active management in accordance with the incremental approach recommended by staff, all in accordance with the Board approved Vision, Guiding Principles and Community Engagement Plan; staff will provide the Board with regular updates including progress reports, as appropriate to keep the Board and public informed of this work; second by Jody Eimers and unanimously approved. Please see Motion No. 2.

The Board agreed staff would provide semiannual reports until the program is fully implemented.

Item Five: Solar Lease Prospect Review

Mary Tiger, Sustainability Manager, and Scott Alexander, Eagle Solar and Light, provided a presentation on a solar photovoltaic (PV) lease agreement with Eagle Solar and Light to advance OWASA towards its goal of reducing purchased electricity by 35% by 2022.

Ray DuBose read an email from Bruce Boehm noting that while he is in favor of reducing OWASA's energy use and carbon footprint, he does not support this project with such a long period before reaching break-even. Mr. Boehm suggested waiting until economics improve on a solar PV lease project.

Jody Eimers said she is in favor of this project and asked about selling carbon credits to reduce costs.

Mary Tiger will follow up to find out if selling carbon credits is a possibility.

John Morris said OWASA has made admirable progress toward the goal by replacing existing equipment and lighting by more efficient substitutes, reaching a 29% reduction in purchased electricity. Although the solar lease project will save an additional five (5) percentage points on the 2010 baseline, Mr. Morris expressed concern that the cost of not breaking even for 15-years is too high a price for rate payers and suggested looking for the kind of efficiency improvements that have succeeded.

Ruchir Vora said he would like to reach OWASA's energy management goal, and he supports the project.

Robert Morgan said he supports reducing energy demand, but he is concerned about rate increases in the years ahead and will vote against the project.

Yinka Ayankoya said she supports the project and reducing OWASA's energy use.

Ruchir Vora made a motion that the Board of Directors approves for staff to move forward with finalizing a lease agreement with Eagle Solar and Light and to engage in a design process for the installation of solar panels on OWASA facilities to generate and use renewable energy; second by Yinka Ayankoya and the motion passed with a vote of six to two with Robert Morgan and John Morris opposed. Please see Motion No. 3.

Item Six: Adopt Preliminary Resolutions for Revenue Bonds

Stephen Winters, Director of Finance and Customer Service, provided a brief update on this item.

Yinka Ayankoya said she was unhappy with the choice of underwriter but will support issuing the bonds.

Robert Morgan made a Motion to Approve the Resolution Directing the Filing of an Application with the LGC for Approval of the Issuance and Private Sale of Orange Water and Sewer

Authority Water and Sewer System Revenue Bonds, Series 2019; second by Jody Eimers and unanimously approved. Please see Motion No. 4.

Robert Morgan made a Motion to Approve the Resolution Requesting the North Carolina Local Government Commission to Approve the Financing Team to be used in Connection with the Issuance and Sale of Orange Water and Sewer Authority Water and Sewer System Revenue Bonds, Series 2019; second by Jody Eimers and unanimously approved. Please see Motion No. 5.

Robert Morgan made a Motion to Approve the Resolution Directing the Filing of an Application with the LGC for Approval of the Issuance and Private Sale of Orange Water and Sewer Authority Water and Sewer System Revenue Refunding Bonds, Series 2020; second by Jody Eimers and unanimously approved. Please see Motion No. 6.

Resolution requesting the North Carolina Local Government Commission to approve the Financing Team to be Used in Connection with the Issuance and Sale of Orange Water and Sewer Authority Water and Sewer System Revenue Refunding Bonds, Series 2020; second by Jody Eimers and unanimously approved. Please see Motion No. 7.

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

Robert Morgan made a motion to approve the resolution; second by John Morris and unanimously approved. Please see Motion No. 4 above.

Item Eight: Executive Director's Summary of Key Staff Action Items from the Work Session

Ed Kerwin noted the following items for staff follow-up:

- Provide information on updating the 1996 Cane Creek Watershed Protection Plan and whether to schedule Natural Resources and Technical Services Committee meetings to support staff with the Long-Range Water Supply Plan; and
- Proceed with implementation of the forest management program and follow up with a letter to local governments;
- The Board's October 10, 2019 Work Session agenda items include:
    - Approval of sole source procurement of water treatment plant process equipment;
    - Sewer use ordinance update;
    - Update on Rogerson Drive Force Main emergency repair and cost estimate;
    - Update on the 1996 Cane Creek Watershed Report and future Natural Resources and Technical Services Committee support to staff for the Long-Range Water Supply Plan; and
    - Tentative – consultant proposals for executive search services

Item Nine: Closed Session

Without objection, the Board of Directors convened in a closed session to discuss a personnel matter in the First Floor Conference Room.

The Board meeting reconvened in open session at 9:37 p.m., and the meeting was then adjourned.

Respectfully submitted by:

Andrea Orbich

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

RESOLUTION DIRECTING THE FILING OF AN APPLICATION WITH THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF THE ISSUANCE AND PRIVATE SALE OF ORANGE WATER AND SEWER AUTHORITY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019

WHEREAS, the Orange Water and Sewer Authority ("OWASA"), acting by and through its Board of Directors (the "Board"), is authorized by The State and Local Government Revenue Bond Act of North Carolina, Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the "Act"), and particularly Sections 159-83(a)(5) and 159-81(3)a and b thereof, to issue revenue bonds for the purpose of financing the cost of acquisition, construction, reconstruction, enlargement, equipping, extension, betterment or improvement of facilities for obtaining, conserving, treating and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use and the collection, treatment, purification or disposal of sewage; and

WHEREAS, OWASA owns and operates facilities for the production, collection, treatment, transmission and distribution of water and the collection, transmission, treatment and disposal of sewage; and

WHEREAS, OWASA proposes to issue its Water and Sewer System Revenue Bonds, Series 2019 (the "Series 2019 Bonds") for the purpose of providing funds, together with any other available funds, to (i) acquire, construct and equip certain improvements to OWASA's water and sewer system, including, but not limited to, replacement of water mains, replacement and rehabilitation of water and wastewater pumping stations, chemical facility improvements and upgrades at the Jones Ferry Road Water Treatment Plant, replacement of sewer interceptors, and improvements to and rehabilitation of facilities and equipment at the Mason Farm Wastewater

Treatment Plant (collectively, the "2019 Additional Project"), and (ii) pay certain costs and expenses incurred in connection with the sale and issuance of the Series 2019 Bonds; and

WHEREAS, OWASA proposes to issue the Series 2019 Bonds in an aggregate principal amount not to exceed $20,000,000, the determination of the aggregate principal amount of the Series 2019 Bonds to be made at the time of the private sale of the Series 2019 Bonds;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ORANGE WATER AND SEWER AUTHORITY DOES HEREBY DETERMINE AND RESOLVE, as follows:

1. The Board hereby finds and determines, in connection with the issuance of the Series 2019 Bonds, that (i) the issuance of the Series 2019 Bonds is necessary or expedient for OWASA, (ii) the proposed aggregate principal amount of the Series 2019 Bonds is adequate and not excessive for the proposed purposes of such issue, (iii) the proposed 2019 Additional Project is feasible, (iv) OWASA's debt management procedures and policies are good and OWASA's finances are managed in strict compliance with law and (v) under current economic conditions, the Series 2019 Bonds can be marketed at a reasonable interest cost to OWASA.

2. The Board hereby authorizes the filing of an application with the Local Government Commission for approval of the issuance of the Series 2019 Bonds, in an aggregate principal amount not to exceed $20,000,000, pursuant to Section 159-86 of the Act and directs the Executive Director of OWASA and the Director of Finance and Customer Service of OWASA, as representatives of OWASA, to file such application with the Local Government Commission.

3. The Local Government Commission is hereby requested to sell the Series 2019 Bonds at private sale without advertisement to any purchaser or purchasers thereof, at such price

as the Local Government Commission determines to be in the best interest of OWASA, subject to the approval of OWASA.

4. This resolution shall take effect immediately upon its passage.

Adopted this 26th day of September, 2019.

Raymond E. DuBose, Chair

ATTEST:

Andrea Orbich, Assistant-Secretary

RESOLUTION REQUESTING THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION TO APPROVE THE FINANCING TEAM TO BE USED IN CONNECTION WITH THE ISSUANCE AND SALE OF ORANGE WATER AND SEWER AUTHORITY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019

WHEREAS, the Orange Water and Sewer Authority ("OWASA"), acting by and through its Board of Directors (the "Board"), is authorized by The State and Local Government Revenue Bond Act of North Carolina, Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the "Act"), and particularly Sections 159-83(a)(5) and 159-81(3)a and b thereof, to issue revenue bonds for the purpose of financing the cost of acquisition, construction, reconstruction, enlargement, equipping, extension, betterment or improvement of facilities for obtaining, conserving, treating and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use and the collection, treatment, purification or disposal of sewage; and

WHEREAS, OWASA owns and operates facilities for the production, collection, treatment, transmission and distribution of water and the collection, transmission, treatment and disposal of sewage; and

WHEREAS, OWASA proposes to issue its Water and Sewer System Revenue Bonds, Series 2019 (the "Series 2019 Bonds") for the purpose of providing funds, together with any other available funds, to (i) acquire, construct and equip certain improvements to OWASA's water and sewer system, including, but not limited to, replacement of water mains, replacement and rehabilitation of water and wastewater pumping stations, chemical facility improvements and upgrades at the Jones Ferry Road Water Treatment Plant, replacement of sewer interceptors, and improvements to and rehabilitation of facilities and equipment at the Mason Farm Wastewater

Treatment Plant, and (ii) pay certain costs and expenses incurred in connection with the sale and issuance of the Series 2019 Bonds; and

WHEREAS, OWASA proposes to issue the Series 2019 Bonds in an aggregate principal amount not to exceed $20,000,000, the determination of the aggregate principal amount of the Series 2019 Bonds to be made at the time of the private sale of the Series 2019 Bonds; and

WHEREAS, OWASA has selected for recommendation to the Local Government Commission a financing team to be used in connection with the issuance and private sale of the Series 2019 Bonds; and

WHEREAS, the selection of said financing team was made by OWASA after a review of proposals received from prospective underwriters of the Series 2019 Bonds and the record of service to OWASA of the other members of said financing team; and

WHEREAS, OWASA wishes to obtain the approval of the Local Government Commission for said financing team;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ORANGE WATER AND SEWER AUTHORITY DOES HEREBY DETERMINE AND RESOLVE, as follows:

1. The Board hereby recommends that the following financing team members be engaged in connection with the issuance and private sale of the Series 2019 Bonds and requests that the Local Government Commission approve said financing team members:

Bond Counsel:	McGuireWoods LLP
Underwriter:	Wells Fargo Bank, National Association
Underwriter's Counsel:	Womble Bond Dickinson (US) LLP
Trustee and Bond Registrar:	The Bank of New York Mellon Trust Company, N.A.
Financial Advisor to OWASA:	First Tryon Advisors

Feasibility Consultant
(Agreed-upon Procedures): Stantec, Inc.

2. This resolution shall take effect immediately upon its passage.

Adopted this 26th day of September, 2019.

Raymond E. DuBose, Chair

ATTEST:

Andrea Orbich, Assistant-Secretary

RESOLUTION DIRECTING THE FILING OF AN APPLICATION WITH THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF THE ISSUANCE AND PRIVATE SALE OF ORANGE WATER AND SEWER AUTHORITY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2020

WHEREAS, the Orange Water and Sewer Authority ("OWASA"), acting by and through its Board of Directors (the "Board"), is authorized by The State and Local Government Revenue Bond Act of North Carolina, Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the "Act"), and particularly Sections 159-83(a)(5) and 159-81(3)a and b thereof, to issue revenue bonds for the purpose of financing the cost of acquisition, construction, reconstruction, enlargement, equipping, extension, betterment or improvement of facilities for obtaining, conserving, treating and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use and the collection, treatment, purification or disposal of sewage and to refund revenue bonds issued for such purposes; and

WHEREAS, OWASA owns and operates facilities for the production, collection, treatment, transmission and distribution of water and the collection, transmission, treatment and disposal of sewage; and

WHEREAS, OWASA proposes to issue its Water and Sewer System Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds") for the purpose of providing funds, together with any other available funds, to (i) refund all or a portion of the callable maturities of OWASA's outstanding Water and Sewer System Revenue Refunding Bonds, Series 2010 (the "Series 2010 Bonds") and (ii) pay certain costs and expenses incurred in connection with the sale and issuance of the Series 2020 Bonds; and

WHEREAS, OWASA proposes to issue the Series 2020 Bonds in an aggregate principal amount not to exceed $11,000,000, the determination of the aggregate principal amount of the Series 2020 Bonds to be made at the time of the private sale of the Series 2020 Bonds;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ORANGE WATER AND SEWER AUTHORITY DOES HEREBY DETERMINE AND RESOLVE, as follows:

1. The Board hereby finds and determines, in connection with the issuance of the Series 2020 Bonds, that (i) the issuance of the Series 2020 Bonds is necessary or expedient for OWASA, (ii) the proposed aggregate principal amount of the Series 2020 Bonds is adequate and not excessive for the proposed purposes of such issue, (iii) the refunding of all or a portion of the callable maturities of the Series 2010 Bonds to be effectuated by the issuance of the Series 2020 Bonds is feasible, (iv) OWASA's debt management procedures and policies are good and OWASA's finances are managed in strict compliance with law and (v) under current economic conditions, the Series 2020 Bonds can be marketed at a reasonable interest cost to OWASA. The Board hereby also determines to proceed with the refunding of all or a portion of the callable maturities of the Series 2010 Bonds as described in this resolution provided that such refunding will result in net present value debt service savings that equal or exceed 3.00% with respect to the Series 2010 Bonds to be refunded.

2. The Board hereby authorizes the filing of an application with the Local Government Commission for approval of the issuance of the Series 2020 Bonds, in an aggregate principal amount not to exceed $11,000,000, pursuant to Section 159-86 of the Act and directs the Executive Director of OWASA and the Director of Finance and Customer Service of OWASA, as representatives of OWASA, to file such application with the Local Government Commission.

3. The Local Government Commission is hereby requested to sell the Series 2020 Bonds at private sale without advertisement to any purchaser or purchasers thereof, at such price as the Local Government Commission determines to be in the best interest of OWASA, subject to the approval of OWASA.

4. This resolution shall take effect immediately upon its passage.

Adopted this 26th day of September, 2019.

Raymond E. DuBose, Chair

ATTEST:

Andrea Orbich, Assistant-Secretary

RESOLUTION REQUESTING THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION TO APPROVE THE FINANCING TEAM TO BE USED IN CONNECTION WITH THE ISSUANCE AND SALE OF ORANGE WATER AND SEWER AUTHORITY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2020

WHEREAS, the Orange Water and Sewer Authority ("OWASA"), acting by and through its Board of Directors (the "Board"), is authorized by The State and Local Government Revenue Bond Act of North Carolina, Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the "Act"), and particularly Sections 159-83(a)(5) and 159-81(3)a and b thereof, to issue revenue bonds for the purpose of financing the cost of acquisition, construction, reconstruction, enlargement, equipping, extension, betterment or improvement of facilities for obtaining, conserving, treating and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use and the collection, treatment, purification or disposal of sewage and to refund revenue bonds issued for such purposes; and

WHEREAS, OWASA owns and operates facilities for the production, collection, treatment, transmission and distribution of water and the collection, transmission, treatment and disposal of sewage; and

WHEREAS, OWASA proposes to issue its Water and Sewer System Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds") for the purpose of providing funds, together with any other available funds, to (i) refund all or a portion of the callable maturities of OWASA's outstanding Water and Sewer System Revenue Refunding Bonds, Series 2010 and (ii) pay certain costs and expenses incurred in connection with the sale and issuance of the Series 2020 Bonds; and

WHEREAS, OWASA proposes to issue the Series 2020 Bonds in an aggregate principal amount not to exceed $11,000,000, the determination of the aggregate principal amount of the Series 2020 Bonds to be made at the time of the private sale of the Series 2020 Bonds; and

WHEREAS, OWASA has selected for recommendation to the Local Government Commission a financing team to be used in connection with the issuance and private sale of the Series 2020 Bonds; and

WHEREAS, the selection of said financing team was made by OWASA after a review of proposals received from prospective underwriters of the Series 2020 Bonds and the record of service to OWASA of the other members of said financing team; and

WHEREAS, OWASA wishes to obtain the approval of the Local Government Commission for said financing team;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ORANGE WATER AND SEWER AUTHORITY DOES HEREBY DETERMINE AND RESOLVE, as follows:

1. The Board hereby recommends that the following financing team members be engaged in connection with the issuance and private sale of the Series 2020 Bonds and requests that the Local Government Commission approve said financing team members:

Bond Counsel:	McGuireWoods LLP
Underwriter:	Wells Fargo Bank, National Association
Underwriter's Counsel:	Womble Bond Dickinson (US) LLP
Trustee and Bond Registrar:	The Bank of New York Mellon Trust Company, N.A.
Financial Advisor to OWASA:	First Tryon Advisors

2. This resolution shall take effect immediately upon its passage.

Adopted this 26th day of September, 2019.

Raymond E. DuBose, Chair

ATTEST:

Andrea Orbich, Assistant-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 17, 2019 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, 2019 and shall continue until terminated as provided in Mr. Epting's said letter dated September 17, 2019.

Adopted this 26th day of September 2019.

Raymond E. DuBose, Chair

ATTEST:

Andrea Orbich, Assistant-Secretary