ORANGE WATER AND SEWER AUTHORITY

A public, non-profit agency providing water, sewer and reclaimed water services to the Carrboro-Chapel Hill community.

MEETING SUMMARY
Finance Committee Meeting
April 24, 2013, 8:00 - 9:15 AM, in the OWASA Boardroom

Committee Members:	John Young (Chair), Terri Buckner, Will Raymond, Alan Rimer (ex-officio)
Other Board Members:	Michael Hughes
Staff:	Stuart Carson, Mason Crum, Pat Davis, John Greene, Ed Kerwin, Heidi Lamay, Dan Przybyl, Kevin Ray, Ruth Rouse, Kelly Satterfield, Stephen Winters
Public:	None

The Finance Committee met on Wednesday, April 24, 2013. The agenda included the following:

- Review and discussion of a resolution to amend the Fiscal Year (FY) 2013 Annual Budget
- Review and discussion of the Financial Report for the nine month period ended March 31, 2013
- Review of FY 2014 budget information
- Review and discussion of an opportunity to refund approximately $25 million of outstanding revenue bonds

FY 2013 Budget Amendment

The committee recommended that the Board of Directors approve a resolution to amend the FY 2013 Budget to transfer $21,000 from the Operating Expense Budget to the Capital Equipment Budget for information technology equipment purchases. The amendment did not increase or decrease the total amount of FY 2013 budgeted expenditures.

Financial Report

Staff presented the financial report for the nine month period ended March 31, 2013. All of the organization's financial goals were met or exceeded except service affordability; based on an average monthly water volume use of 4,250 gallons, OWASA's affordability ratio is 1.68% versus the goal of 1.5%. Operating revenue was about 1.7% under budget and operating expenses were about 6% under budget. For the year ending June 30, 2013, OWASA is forecasting to finish the year with net income of about $9.9 million or approximately $400,000 to $500,000 under budget.

FY 2014 budget information

At its meeting on March 28, 2013, the Finance Committee reviewed a first draft of the FY 2014 Budget and requested additional information regarding some of the draft's components. At the April 24, 2013 meeting, the Committee reviewed the additional information provided by staff. The Committee recommended no changes to the draft budget.

The Committee also considered a recommendation by staff to make no adjustments to the monthly water

and sewer rates and to defer changes to OWASA's rate structure until sometime in FY 2014. After discussion, the majority of the Committee agreed to support the recommendation when it is considered by the Board of Directors.

Bond refunding opportunity

Staff presented an opportunity to reduce interest costs on bond debt by refunding about $25 million of outstanding bonds at lower interest rates. The refunding would save about $150,000 each year from FY 2014 through FY 2020 and about $80,000 each year from FY 2021 to 2031 – roughly $2 million over the next 18 years. The Committee asked staff to prepare a proposal for the refunding for presentation at the May 9, 2013 Board meeting.

Next Meeting

The Finance Committee has not set a date for its next meeting.

Stephen Winters, CPA
Director of Finance & Customer Service