Orange Water and Sewer Authority

Virtual Annual Meeting of the Board of Directors

September 24, 2020

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its duly noticed Annual Meeting of the Board of Directors all by virtual means in accordance with law, on Thursday, September 24, 2020, at 6:00 p.m. utilizing Microsoft Teams software.

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

OWASA staff present: Mary Darr, Monica Dodson, Jesse DuClau, Vishnu Gangadharan, Robert Epting, Esq. (Epting and Hackney), Stephanie Glasgow, Robin Jacobs, Esq. (Epting and Hackney), Ken Loflin, Andrea Orbich, Johnny Riley, Kelly Satterfield, Allison Spinelli, Todd Taylor, Mary Tiger, Stephen Winters and Richard Wyatt.

Others present: Meg Holton (UNC Water Resources Manager) and Elsa Watts (Martin Starnes & Associates).

Motions

1. 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 Jody Eimers, second by Ruchir Vora and unanimously approved.)

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Announcements

Ray DuBose announced that due to COVID-19 public health concerns, the OWASA Board of Directors held this meeting virtually utilizing Microsoft Teams software. Mr. DuBose stated that Board Members, General Counsel, and staff participated in the meeting remotely.

Mr. 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 announced that Mary Tiger and he virtually attended the September 17, 2020, Orange County Climate Council meeting. The Climate Council was requested by members of the Citizens Climate Lobby to support the Federal Energy Innovation and Carbon Dividend Act. A sub-committee of the Climate Council will research this request. Mr. DuBose said that on October 22, 2020 at 7:00 p.m. the Climate Council will hold a virtual public event to provide an update the Climate Council's progress. The next meeting is scheduled for October 15, 2020.

Ruchir Vora said the Chapel Hill Town Council OWASA Committee and the Chapel Hill Appointees to the OWASA Board of Directors held a virtual meeting on September 17, 2020. Updates were provided on: OWASA's Response to COVID-19; Chapel Hill Appointments/ Reappointments; OWASA's Diversity and Inclusion (D&I) Program; OWASA's Investments in System Resiliency; and Energy Management. Mr. Vora said the group is targeting January 2021 to meet again and potential topics are: update on Agua Vista regarding goals and accomplishments; methods for engaging with residents of multifamily housing properties regarding water conservation; and how OWASA ensures sufficient capacity for meeting the water and sewer needs of new development.

Yinka Ayankoya said along with Ray DuBose and Andrea Orbich, a planning meeting was held with Peg Carlson, Director of the School of Government's Center for Public Leadership and Governance. Ms. Carlson will facilitate the Board's 2020 Self-Assessment as part of the October 8th Board Work Session. Ms. Ayankoya said the meeting was positive and productive and reminded Board Member to please complete and turn in their self-assessment by Tuesday, September 29, 2020.

Petitions and Requests

Ray DuBose said no petitions or requests were received from the public.

Mr. DuBose asked for petitions and requests from the Board and staff; none were received.

Item One: Presentation of Annual Report

Stephen Winters, Director of Finance and Customer Service, provided a presentation of the preliminary financial report for the 12-month period ending June 30, 2020. He stated OWASA is a community owned utility providing water, wastewater and reclaimed water service to the Carrboro and Chapel Hill community. OWASA has the responsibility to effectively manage and maintain all the resources, facilities and infrastructure that the community depends on for high-quality and reliable service.

Mr. Winters 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. He noted OWASA continues to participate in accordance with best industry standards and practices, and so is recognized by the Partnership for Safe Water's Excellence in Water Treatment and National Association of Clean Water Agencies' Peak Performance Award for the Mason Farm Wastewater Treatment Plant.

Mr. Winters said it is essential to continue making smart investments in our infrastructure and about 81% of the FY 2020 capital improvement budget went toward rehabilitation or replacement of existing assets, 15% went toward projects that added substantial enhancements and 4% toward projects that increased system capacity. Due to the COVID-19 pandemic, water volume demand is down about 12% since March 2020 when compared with the prior year. Water and sewer revenue for the year was about $2.3 million less than original projections and non-

essential operating expense were deferred where possible. For the year, OWASA met all but one financial performance measurement target. He noted that due to lower than expected revenue, the balance in the working capital reserve was about $1.4 million less than the target.

Mr. Winters noted the independent audit for FY 2020 was performed by Martin, Starnes & Associates. He said OWASA received an unmodified opinion from our auditor. OWASA's financial condition 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 Comprehensive Annual Financial Report can be relied upon by third parties, citizens, underwriters and bondholders. Ms. Watts stated that no significant deficiencies in internal control were identified.

The Board expressed appreciation to the staff for a job well done during this difficult time.

Item Two: 12 Month Board Meeting Schedule

The Board received this as an information item.

Item Three: Update on OWASA's COVID-19 Information and Discussion by the Board

Todd Taylor, Executive Director, said OWASA continues to take proactive measures to ensure we are providing and continue to provide the community with high-quality and reliable water, wastewater, and reclaimed water services during the COVID-19 pandemic. He also noted that field crews have returned to work and maintained safety measures.

Mary Tiger, Sustainability Manager, said a temporary moratorium on service disconnection for non-payment remains in-place since March 12, 2020. She provided an update on the extent and severity of past due accounts and staff's work to contact those customers who are in arrears to provide information on where customers may apply for financial assistance. Ms. Tiger noted a letter was prepared in support for Orange County's application for Community Development Block Grant, the use of those funds would provide financial assistance for rent, utilities, and other housing-related costs to County residents through the Orange County Emergency Housing Assistance program.

Item Four: Forest Management Program Update

Johnny Riley, Reservoir and Land Resources Supervisor, provide a verbal update on OWASA's Forest Management Program since March 12, 2020. Mr. Riley noted a prescribed burn for OWASA's Mitigation Tract scheduled for May 2020 was delayed due to COVID-19 restrictions.

John Morris requested funding the Teer Road West Forest Management Plan this fiscal year if possible and provide an update to the Board.

Jody Eimers asked if the use of herbicides is documented whenever it is used.

Mr. Riley said the forester documents the use of herbicides but that OWASA staff has not. He said staff will begin the process of documenting the use of herbicides.

Ruchir Vora requested information on additional invasive species control on all managed tracts; staff will follow up.

Item Five: Update on the New Water Main Prioritization Model

Vishnu Gangadharan (Engineering Manager – Capital Projects) and Allison Spinelli (Asset Manager) provided a presentation on the new Water Main Prioritization Model which provides additional analysis and decision-support tools to guide infrastructure investment decisions and operational strategies for managing the community's water distribution system.

Mr. Gangadharan presented the study's core objectives, including determining the risk of failure of any given distribution system pipe, which pipes should be replaced, the long-term rate of pipe replacement, the best use of condition assessment, as well as how to improve our ability to prepare for and respond to water main brakes.

Ms. Spinelli presented opportunistic and proactive condition assessment information and how that information will be monitored for decision improvement opportunities. She also discussed the recommendations about future pressure monitoring within the distribution system.

After discussion, the Board agreed not to revise the Water Main Break Key Performance Indicator (KPI) to a staff recommended target range of 8 to 13 breaks per 100 miles and adjusting the KPI target range only after a period of five to seven years. The Board expressed appreciation to staff for the report and requested staff continue: to evaluate/track condition assessment and system monitoring opportunities; provide updates; and reconsider a recommendation on internal and external metrics of the Water Main Break KPI.

Item Six: Discuss Process to Update the Strategic Plan

Todd Taylor, Executive Director, and Mary Tiger, Sustainability Manager, provided a process to update OWASA's strategic plan noting the current strategic plan was adopted in 2014, and the strategic initiatives have been completed or are underway.

The Board agreed to begin the process to update the strategic plan with input from staff, the community, and other stakeholders. Staff will develop a draft process for the Board's review and feedback at a future meeting.

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

Jody Eimers made a motion to approve the resolution; second by Ruchir Vora and unanimously approved. Please see Motion No. 1 above.

Item Eight: Summary of Board Meeting Action Items

Todd Taylor noted the following pending staff action items and provided an overview of the next two Board meetings:

- Provide update via email to the Board regarding possible funding for the Teer Road West Forest Management Plan this fiscal year; and
- Provide information via email on additional invasive species control on all managed tracts; and
- Provide an update on condition assessment efforts; and
- Evaluate options and provide recommendations to update the Water Main Break Key Performance Indicator (KPI) as internal and external metrics; and
- Provide an update on the Water Main Prioritization program; and
- Agenda items for October 8, 2020 virtual Work Session:
    - New item - one-time additional employee Personal Leave merit bonuses
    - Annual Review and Update of Strategic Trends and Utility Planning Issues for Fiscal Year 2020
    - 2020 Board Self-Assessment
- Agenda items for the October 22, 2020 virtual Meeting:
    - Quarterly Financial Report for the period ending September 30, 2020
    - Update on OWASA COVID-19 Information
    - Reliability and Resiliency Improvements Update
    - (Tentative) Sewer Use Ordinance and Service Lateral Policy Updates to Align with House Bill 873
    - Closed Session to review the performance of the Executive Director

Without objection, the Board meeting was adjourned at 8:51 p.m.

Respectfully submitted by:



Andrea Orbich
Executive Assistant/Clerk to the Board

Attachment

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 (OWASA) 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 OWASA Board of Directors finds 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, 2020 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, 2020 and shall continue until terminated as provided in Mr. Epting's said letter dated September 17, 2020.

Adopted this 24th day of September 2020.

Raymond E. DuBose, P.E., Chair

ATTEST:

Jo Leslie Eimers, Secretary