Orange Water and Sewer Authority

Annual Meeting of the Board of Directors

September 23, 2021

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its annual meeting by virtual means in accordance with the law, on Thursday, September 23, 2021, at 6:00 p.m. utilizing Microsoft Teams software.

Board Members present: Jody Eimers (Chair), Yinka Ayankoya (Vice Chair), John N. Morris (Secretary), Todd BenDor, Bruce Boehm, and Raymond (Ray) DuBose. Board Member absent: Kevin Leibel.

OWASA staff present: Mary Darr, Robert Epting, Esq. (Epting and Hackney), Vishnu Gangadharan, Chris Giesting, Robin Jacobs (Epting and Hackney), Andrea Orbich, Johnny Riley, Ruth Rouse, Kelly Satterfield, Todd Taylor, Stephen Winters, and Richard Wyatt.

Others present: Maria Hayashi (Napoli Law), Meg Holton (UNC Water Resources Manager), Hank Naughton (Napoli Law), Ben Poulson (UNC Associate Director of Energy Services), Sam Wade (Napoli Law), and Elsa Watts (Martin Starnes and Associates).

Motions

1. Ray DuBose made a Motion to approve the Minutes of the August 26, 2021, Board of Directors Meeting as requested and amended by Yinka Ayankoya pertaining to her statement regarding vaccination exceptions; second by Yinka Ayankoya and the Motion was unanimously approved.

2. Ray DuBose made a Motion to approve the Minutes of the September 9, 2021, Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Yinka Ayankoya and the Motion was unanimously approved.

3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority approved Resolution Reappointing the Firm of Epting and Hackney as General Counsel to the Orange Water and Sewer Authority. (Motion by Ray DuBose, second by Bruce Boehm and the Motion was unanimously approved.)

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Announcements

Jody Eimers announced that due to COVID-19 public health concerns, the OWASA Board of Directors held the meeting virtually utilizing Microsoft Teams software. Ms. Eimers stated that Board Members, General Counsel, and staff will participate in the meeting remotely.

Ms. Eimers 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.

Ms. Eimers said today, Renee Price, Jamezetta Bedford (Chair and Vice Chair of the Orange County Board of County Commissioners, respectfully), Ray DuBose and she met to discuss: an update on OWASA's response to COVID-19 ensuring the continuance of high-quality and reliable water, wastewater, and reclaimed water services during the pandemic; an update on OWASA's Long-Range Water Supply Plan; the Mountains to Sea Trail; an update on OWASA's energy management plan; and updates on OWASA's Diversity and Inclusion Program and Strategic Plan. Ms. Eimers said the meeting was positive and the Commissioners are supportive of OWASA's programs.

Petitions and Requests

Ms. Eimers said no public petitions were received and asked for petitions and requests from 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 draft Annual Comprehensive Financial Report for the 12-month period ending June 30, 2021. 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 and investing in sustaining infrastructure with a focus on reliability and resiliency. He also noted OWASA continues to operate in accordance with best industry standards and practices and is recognized by the Partnership for Safe Water's Excellence in Water Treatment Award for the Jones Ferry Road Water Treatment Plant and National Association of Clean Water Agencies' Peak Performance Award for the Mason Farm Wastewater Treatment Plant.

Mr. Winters said in Fiscal Year 2021 (FY 2021), OWASA invested $15.8 million in our infrastructure and about 71% ($11.2 million) of the FY 2021 capital improvement budget went toward rehabilitation or replacement of existing assets, 25% ($4 million) went toward projects that added substantial enhancements and 4% ($600,000) toward projects that increased system capacity. Mr. Winters said OWASA met all financial performance measurement targets which include reserve balances, debt ratios, bond ratings, and service affordability.

Mr. Winters noted the independent audit for FY 2021 was performed by Martin, Starnes & Associates. He said OWASA received an unmodified opinion from the auditor, our financial condition is stable and sustainable.

Elsa Watts, Audit Manager with Martin, Starnes & Associates, restated OWASA received an unmodified opinion that the financial statements fairly present OWASA's financial position and operated with no significant deficiencies identified in internal controls. She stated further that OWASA's Annual Comprehensive Financial Report can be relied upon by third parties, citizens, underwriters and bondholders. Ms. Watts expressed appreciation and noted 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.

The Board expressed appreciation to the staff for a job well done.

Item Two: 12 Month Board Meeting Schedule

The Board received this as an information item.

Item Three: Minutes

Ray DuBose made a Motion to approve the Minutes of the August 26, 2021, Board of Directors Meeting as requested and amended by Yinka Ayankoya pertaining to her statement regarding vaccination exceptions; second by Yinka Ayankoya and the Motion was unanimously approved. Please see Motion 1.

Item Four: Minutes

Ray DuBose made a Motion to approve the Minutes of the September 9, 2021, Closed Session of the Board of Directors for the purpose of discussing a personnel matter; second by Yinka Ayankoya and the Motion was unanimously approved. Please see Motion 2.

Item Five: Information Regarding a PFAS Cost Recovery Program

Todd Taylor, Executive Director, provided an overview of this item and OWASA's interest in a PFAS cost recovery program. Mr. Taylor introduced Sam Wade and Hank Naughten of Napoli Shkolnik, PLLC, (Napoli) who discussed an overview of a pending class action lawsuit to potentially recover costs for testing, treatment, and remediation of PFAS contamination.

After discussion the Board agreed to add this item, with additional information including Napoli's retainer, to the October 14, 2021, meeting agenda.

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

Ray DuBose made a Motion to approve the resolution; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 3.

Item Seven: Forest Management Program Update

Christopher Giesting, Water Supply and Treatment Manager, provided a brief overview of this item and Johnny Riley, Reservoir and Land Resources Supervisor, gave a presentation on OWASA's Forest Management Program work in Fiscal Year 2021.

The Board expressed appreciation to staff on work to date and requested a tour of progress at OWASA's Cane Creek Mitigation Tract which will be scheduled this fall.

Item Eight: Summary of Board Meeting Action Items

Todd Taylor summarized the following staff action items and provided an overview of the next Board meeting:

- Add PFAS cost recovery program item to the October 14, 2021 agenda and provide more information.
- Schedule a Board tour of the progress at OWASA's Cane Creek Mitigation Tract.
- Agenda items for the October 14, 2020, virtual Board Work Session:
    - Strategic Plan Update
    - Preview of Jordan Lake Alternatives as it relates to Long-Range Water Supply Plan
    - Additional information on a PFAS cost recovery program
    - Cybersecurity Closed Session

There being no further business to come before the Board, the Chair adjourned the meeting at 7:35 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 15, 2021 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, 2021 and shall continue until terminated as provided in Mr. Epting's said letter dated September 15, 2021.

Adopted this 23rd day of September 2021.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary