

Orange Water and Sewer Authority
Virtual Meeting of the Board of Directors
June 25, 2020

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its duly noticed regular meeting all by virtual means in accordance with law, on Thursday, June 25, 2020, at 6:00 p.m. utilizing Microsoft Teams software.

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

OWASA staff present: Mary Darr, Monica Dodson, Jesse DuClau, Robert Epting, Esq. (Epting and Hackney), Stephanie Glasgow, Blake Hodge, Ed Kerwin, Ken Loflin, Andrea Orbich, Dan Przybyl, Kelly Satterfield, Todd Taylor, Mary Tiger, Stephen Winters and Richard Wyatt.

Others present: Meg Holton (UNC Water Resources Manager) and Ben Poulson (UNC Associate Director of Energy Services) and John Young.

Motions

1. Robert Morgan made a motion to approve the Minutes of the May 28, 2020 Virtual Public Hearing and Meeting of the Board of Directors, second by Jody Eimers and was unanimously approved.
2. Robert Morgan made a motion to approve the Minutes of the June 11, 2020 Virtual Closed Session of the Board of Directors for the purpose of Discussing a Confidential Personnel Matter; second by Jody Eimers and was unanimously approved.
3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Amending the Fiscal Year 2020 Annual Budget. Motion by Bruce Boehm, second by Bruce Runberg and unanimously approved.
4. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Appointing Todd Taylor to Succeed Ed Kerwin as Executive Director. Motion by John Morris, second by Jody Eimers and the Resolution passed with a vote of seven to one with Yinka Ayankoya opposed.

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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 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 on June 24, 2020 the Chapel Hill Town Council appointed Deanie Anyangwe to fill the vacant seat of John Cooley. Ms. Anyangwe's appointment will be effective through June 30, 2021.

Mr. DuBose announced he attended a virtual Orange County Climate Council Meeting on June 18, 2020. The Council received reports from the climate action reporting, communications, and policy committees. Mr. DuBose noted the discussion included officer succession, a public event in September and Executive Order 143 which address the disproportionate impact of COVID-19 on communities of color.

Petitions and Requests

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

Mr. DuBose requested the Board consider allowing public comment at every virtual Board meeting; the Board agreed to do so.

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

Item One: 12 Month Board Meeting Schedule

The Board received this as an information item.

Item Two: Minutes

Robert Morgan made a motion to approve the Minutes of the May 28, 2020 Virtual Public Hearing and Meeting of the Board of Directors, second by Jody Eimers and the Motion was unanimously approved. Please see Motion 1.

Item Three: Minutes

Robert Morgan made a motion to approve the Minutes of the June 11, 2020 Virtual Closed Session of the Board of Directors for the purpose of Discussing a Confidential Personnel Matter; second by Jody Eimers and the Motion was unanimously approved. Please see Motion 2.

Item Four: Update on OWASA's COVID-19 Response and Discussion by the Board

Ed Kerwin, Executive Director, reported that on June 24, 2020, the Governor extended North Carolina's Phase 2 of the 3-Phase Pandemic Response plan for at least three more weeks (July 17, 2020) and that a statewide face covering in public mandate is now in effect.

Item Five: Fiscal Year 2020 Annual Budget Amendment

Stephen Winters, Director of Finance and Customer Service, provided a brief verbal introduction this item and requested the Board approved an amendment to the Fiscal Year 2020 Budget. Mr. Winters said the amendment will reallocate \$1.2 million from the Capital Improvements Program to the operating budget to offset a shortfall in water and sewer revenue resulting from the COVID-19 pandemic.

Bruce Boehm made a motion to approve the resolution, second by Bruce Runberg and the Resolution was unanimously approved. Please see Motion 3.

Item Six: Resolution Appointing Todd Taylor to Succeed Ed Kerwin as Executive Director

Ray DuBose expressed appreciation and thanked the Board for its active and thoughtful involvement in the process to recruit, assess and select OWASA's next Executive Director. He noted that the Board provided routine updates on its selection process at regular Board meetings since July 2019 and held two Special Meetings of the Board, the first to interview and select a consultant to conduct the Executive Director assessment; and the second to discuss the recruitment and selection process, recruitment profile and desired management and leadership characteristics for the next Executive Director. The Board directed the consultant to recruit nationally, including a robust process to reach minority candidates consistent with OWASA's Diversity and Inclusion Program.

In December 2019, the Board agreed Mr. DuBose would send a letter to the local governments to update them on the selection process and invite the Chapel Hill and Carrboro Mayors and Orange County Chair's suggestions on the key attributes the Board should seek in the next Executive Director. Mr. DuBose said he followed-up this letter with telephone calls to the Mayors/Chair and provided a summary of the conversation to the Board.

Mr. DuBose said the consultant prepared a draft recruitment profile which was reviewed by the Board, and at the end of January 2020, the consultant began the Executive Director recruitment process. On March 10, 2020, the Board met in Closed Session to receive a confidential report from the consultant on potential candidates and targeted interviews with the top candidates in April 2020. The Board's Human Resources (HR) Committee met virtually on April 2, 2020, to discuss logistics for virtual interviews and then in Closed Session discussed interview questions for the Board's consideration. On April 24 and 25, 2020, the Board held confidential virtual interviews with the top six candidates and following the Board's deliberations, identified the top two candidates for further consideration.

Mr. DuBose said the assessment process included a consultant-facilitated virtual meeting with the top candidate and Managers from Orange County, Chapel Hill, and Hillsborough (the Carrboro Town Manager was expected to participate but canceled); the consultant provided a summary of this meeting to the Board.

Mr. DuBose said the Board met in Closed Session on May 14, May 28, and June 11, 2020 to discuss the candidates and their alignment with the Board's expectations. On June 11th, the

Board reached consensus to offer the position to Todd Taylor, OWASA's General Manager of Operations. Mr. DuBose said he met with Mr. Taylor on June 12, 2020 and Mr. Taylor accepted the job offer and agreed to begin serving as OWASA's Executive Director on July 6, 2020.

Following the Board's approval of the Resolution Appointing Todd Taylor to Succeed Ed Kerwin as Executive Director, staff will issue a public notice on June 26, 2020 of Mr. Taylor's new role for the OWASA team.

Yinka Ayankoya requested her statement to the Board be included for the record, "More than once, I have been reminded that my vote on this resolution will be noted in public record for all time. Therefore, to make myself clear, and for the record, this is my statement. We, members of the OWASA Board are appointed by elected officials and representatives of the community who use the services of OWASA. I joined the OWASA Board in 2016. I was appointed to the Board by the Town of Carrboro. I served on the Executive Committee for two years; being Chair last year. I have voiced these reservations and concerns to my fellow Board Members on numerous occasions, so nothing in my statement should be a surprise to them. My vote has nothing to do with the selected candidate. Let me say that again, my vote has nothing to do with the selected candidate. I am voting against and speaking out about the lack of transparency in the recruiting and selection of the next Executive Director of OWASA. Throughout the process, changes were made to the agreed upon lines of action with regards to next steps after the initial interview dealing with meetings, assessments, and additional interviews. The required advance notice was not provided when decisions were to be made. The Board did not make contingency, alternative or backup planning. We failed to maintain a viable candidate pool. The Board did not provide opportunity for most elected officials to provide feedback or for larger stakeholders or the community to participate and be engaged in the decisions once interviews began. When I raised concerns, I was ignored or met with dismissive comments. And finally, I take my appointment to the OWASA Board seriously. I serve on behalf of Carrboro citizens and all users of OWASA services and I attempt to represent community needs to the best of my ability. We are all human and we all make mistakes. We must be willing to do what is right and not what is expedient. Thank you."

John Morris made a motion to approve the resolution, second by Jody Eimers and the Resolution passed with a vote of six to one with Yinka Ayankoya opposed. Please see Motion 4.

Mr. Taylor expressed appreciation and thanked the Board for its support and trust in his leadership and abilities to lead OWASA as a progressive, agile, and resilient utility.

Ed Kerwin extended his best wishes and congratulations to Mr. Taylor on his new role as OWASA's next Executive Director. Mr. Kerwin also congratulated the Board on its thorough selection process.

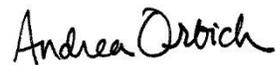
Item Seven: Executive Director's Summary of Key Staff Action Items from the Meeting

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

- Update future virtual Board agendas indicating public comment is available via telephone during Board meetings.
- Provide public notice the Board appointed Todd Taylor to Succeed Ed Kerwin as Executive Director.
- Agenda items for Board's July 9, 2020 Virtual Work Session:
 - o Resolutions Honoring the Outstanding Service of Ed Kerwin
 - o Consideration of a conservation easement in the Cane Creek Watershed
 - o Update on COVID-19
 - o Update on OWASA's Diversity and Inclusion Program
 - o Update on a successful completion on an EPA compliance review

The Board meeting was adjourned at 6:38 p.m.

Respectfully submitted by:



Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

Resolution Amending the Fiscal Year (FY) 2020 Annual Budget

Whereas, the Board of Directors adopted the FY 2020 Annual Budget of Orange Water and Sewer Authority; and

Whereas, North Carolina General Statute 159-15 provides the authority for the Board of Directors to amend the adopted budget; and

Whereas, staff is forecasting that operating revenue and operating expenses will be under budget for a net shortfall in the operating budget of about \$1,200,000; and

Whereas, staff is projecting that capital improvements program expenditures will be about \$2 million less than budgeted;

Now, Therefore, Be It Resolved:

1. That pursuant to the provisions of North Carolina G.S. 159-15, the Official Budget of Orange Water and Sewer Authority for FY 2020 is amended as set forth in Attachment A.
2. That \$1,200,000 in the capital improvements program budget be transferred to the operating budget as set forth in Attachment A.
3. That the Executive Director is authorized and instructed to implement the revised budget as herein set forth.

Adopted this 25th day of June 2020.


Raymond E. DuBose, P.E., Chair

ATTEST:


Bruce Boehm, Secretary

**ORANGE WATER AND SEWER AUTHORITY
FISCAL YEAR 2020 ANNUAL BUDGET
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE**

	FY 2020 Annual Budget	Amendment	FY 2020 Amended Budget
Operating Revenue			
Water	\$ 19,144,421	(1,484,425)	\$ 17,659,996
Sewer	18,157,612	(1,152,517)	17,005,095
Reclaimed Water	458,820	31,091	489,911
Service Initiation Fee	153,928	(119,111)	34,817
Other	969,168	(18,245)	950,923
Refunds and Adjustments	<u>(212,573)</u>	<u>77,519</u>	<u>(135,054)</u>
Total Operating Revenue	38,671,376	(2,665,688)	36,005,688
Operating Expense			
General and Administrative	8,055,734	(239,911)	7,815,823
Operations	<u>15,503,228</u>	<u>(1,283,312)</u>	<u>14,219,916</u>
Total Operating Expense	<u>23,558,962</u>	<u>(1,523,223)</u>	<u>22,035,739</u>
Net Operating Income	15,112,414	(1,142,465)	13,969,949
Non-operating Revenue			
Customer Fees	1,448,887	(77,664)	1,371,223
Interest	<u>46,403</u>	<u>20,129</u>	<u>66,532</u>
Total Net Income	16,607,704	(1,200,000)	15,407,704
Debt Service			
Existing	6,735,246		6,735,246
New	<u>1,312,016</u>		<u>1,312,016</u>
Total Debt Service	<u>8,047,262</u>		<u>8,047,262</u>
Net Income Less Debt Service	<u>8,560,442</u>	<u>(1,200,000)</u>	<u>7,360,442</u>
General Fund			
Resources			
Transfer From Revenue	8,560,442	(1,200,000)	7,360,442
Transfer from Construction Fund (loan proceeds)	20,000,000		20,000,000
Grants and Contributions	<u>0</u>		<u>0</u>
Annual Income Available for Capital	28,560,442	(1,200,000)	27,360,442
Capital Expenditures			
Project Ordinances			
General Fund Contribution	6,423,000	(1,200,000)	5,223,000
Funded by Bond Proceeds	<u>20,000,000</u>		<u>20,000,000</u>
Total Project Resolutions	26,423,000	(1,200,000)	25,223,000
Capital Equipment	<u>989,700</u>		<u>989,700</u>
Total Capital Outlay	<u>27,412,700</u>	<u>(1,200,000)</u>	<u>26,212,700</u>
Annual General Fund Balance	1,147,742	0	1,147,742
General Fund Beginning Balance	<u>17,284,220</u>		<u>17,284,220</u>
General Fund Ending Balance	18,431,962	0	18,431,962
Project Funding	(1,453,940)		(1,453,940)
Reserves	<u>19,885,902</u>		<u>19,885,902</u>
Unallocated General Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>

Resolution Appointing Todd Taylor to Succeed Ed Kerwin as Executive Director

Whereas, the Board of Directors of Orange Water and Sewer Authority has received notice of Executive Director Ed Kerwin's intention to retire, and with gratitude for his diligent service to OWASA, has completed an extensive recruiting process to identify suitable candidates to replace him; and

Whereas, as a result of those efforts the Board of Directors has determined to offer to employ Todd Taylor as the next Executive Director, upon terms and conditions contained in that Employment Letter Agreement dated June 12, 2020 and Todd Taylor has agreed and accepted their offer;

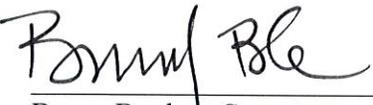
Now, Therefore, be it Resolved by the OWASA Board of Directors that:

1. That Todd Taylor be and is hereby appointed and employed to serve as Executive Director of Orange Water and Sewer Authority, with his term to commence on July 6, 2020.
2. The Chair of the Board of Directors is hereby authorized to execute such further documentation of this employment as may be necessary or appropriate, as approved by General Counsel.

This the 25th day of June, 2020.


Raymond E. DuBose, P.E., Chair

ATTEST:


Bruce Boehm, Secretary