

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

MAY 13, 2010

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, May 13, 2010, at 7:00 P.M. in OWASA's Community Room.

Directors present: Randy Kabrick, P.E., Chair; Gordon Merklein, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Joyce C. Preslar; Alan Rimer, P.E.; William R. Stott; and Amy Witsil.

OWASA staff: Ed Kerwin; John Greene; Ed Holland; Patrick Davis; Greg Feller; Heidi Lamay; Andrea Orbich; Dan Przybyl; Kevin Ray; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager and Ben Poulson, Associate Director of Energy Services, UNC; and Matthew Witsil.

There being a quorum present, Chair Randy Kabrick called the meeting to order.

MOTIONS ACTED UPON

1. Braxton Foushee made a motion to approve the Minutes of the April 8, 2010 Board meeting; the motion was seconded by William Stott and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Approving Non-OWASA Changes to the 2001 Water and Sewer Management, Planning, and Boundary Agreement." (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee; seconded by William Stott and carried by unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution of the Orange Water and Sewer Authority Approving a Substitute Liquidity Facility and the Appointment of Successor Remarketing Agent for the Outstanding Water and Sewer Authority Water and Sewer System Revenue Bonds, Series 2004B." (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee; seconded by William Stott and carried by unanimous vote.)

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ITEM ONE: OATH OF OFFICE

Andrea Orbich administered the Oath of Office to Chapel Hill appointee, Ms. Amy Witsil.

ITEM TWO: ANNOUNCEMENTS

CONFLICT OF INTEREST

Randy Kabrick said any Board member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time. There were none.

COMMITTEE MEETINGS

Braxton Foushee said the Human Resources Committee will meet on Wednesday, May 19, 2010 at 5:30 P.M. in the OWASA Boardroom to discuss organizational issues.

Alan Rimer said the Natural Resources/Technical Systems Committee will meet on Thursday, May 20, 2010 at 8:00 A.M. in the OWASA Boardroom to discuss land management and the implementation of the Long-Range Water Supply Plan.

ITEM THREE: PETITIONS AND REQUESTS FROM THE PUBLIC

Randy Kabrick asked for petitions and requests from the public; there were none.

ITEM FOUR: PETITIONS AND REQUESTS FROM THE BOARD

William Stott stated that he would like to Chair the Board's Community Outreach Committee and has developed a document on the scope for the Committee which he will circulate for other Board Members' comments.

Randy Kabrick agreed with Mr. Stott's request and appointed him Chair of the Community Outreach Committee.

ITEM FIVE: PETITIONS AND REQUESTS FROM THE STAFF

Randy Kabrick asked for petitions and requests from the staff; there were none.

ITEM SIX: MINUTES

Braxton Foushee made a motion to approve the Minutes of the April 8, 2010, Board meeting; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 1 above.

ITEM SEVEN: RESOLUTION APPROVING NON-OWASA CHANGES TO THE 2001 WATER AND SEWER MANAGEMENT, PLANNING, AND BOUNDARY AGREEMENT

Braxton Foushee made a motion to approve the resolution; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 2 above.

ITEM EIGHT: RESOLUTION OF THE ORANGE WATER AND SEWER AUTHORITY APPROVING A SUBSTITUTE LIQUIDITY FACILITY AND THE APPOINTMENT OF SUCCESSOR REMARKETING AGENT FOR THE OUTSTANDING ORANGE WATER AND SEWER AUTHORITY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2004B

Braxton Foushee made a motion to approve the resolution; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 3 above.

ITEM NINE: VERBAL UPDATE ON THE START-UP OF NEW ON-LINE BILL PRESENTMENT AND PAYMENT SYSTEM FOR CUSTOMERS

Dan Przybyl gave a report on staff's plan to implement a new on-line customer billing system. This system is now being tested. The new program includes access to account information; water use and transaction history; and enhancing the on-line bill payment process to significantly reduce payment processing time for staff. Once staff is confident the system is working as designed, the on-line billing option will be offered on a volunteer basis to customers and eventually announced in a news release and in OWASA's Blue Thumb.

Mac Clarke inquired if direct debit payment is an option and what it costs OWASA to offer credit card payments.

Mr. Przybyl said there no cost for debit payments and there is a minimal monthly cost to OWASA for credit card payments.

Alan Rimer volunteered to be a test customer for the new on-line bill payment process.

ITEM TEN: DRAFT ANNUAL BUDGETARY REPORTS FOR FISCAL YEAR 2011: A. DISCUSSION OF PROPOSED RATES, FEES AND CHARGES FOR FISCAL YEAR 2011 AND B. CUSTOMER OUTREACH ON MESSAGES AND INFORMATION REGARDING OWASA'S PROPOSED RATE ADJUSTMENT FOR DRINKING WATER AND SEWER SERVICES

The Board authorized the publication of the proposed budget and rate increases for the Board's public hearings on May 27, 2010. The proposed rate increase is 9.25 percent for monthly water and sewer rates. The primary reasons for the proposed rate increase are the need to renew and replace aging infrastructure, reduced connection fee revenue from new development, and lower water sales.

ITEM ELEVEN: REPORT ON OWASA'S POTENTIAL PARTICIPATION IN THE NORTH CAROLINA WATER QUALITY ASSOCIATION

John Greene provided details on the newly formed North Carolina Water Quality Association (NCWQA). The NCWQA consists of municipal wastewater treatment professionals with the common goal of working with Federal, State and local officials to develop good working relationships, share technical knowledge, and encourage the establishment of regulations based on sound science. Staff believes that OWASA would benefit from membership in this Association. Membership dues will be based on number of municipalities that join but it is expected that OWASA's cost would be around \$4,000 to 5,000 a year. Staff indicated they would proceed with membership unless there are objections from the Board.

The Board agreed with staff's recommendation.

ITEM TWELVE: APPOINTMENT OF THE NOMINATING COMMITTEE

The Board agreed that the Nominating Committee members will be:

- Mac Clarke, Chair
- Fred Battle
- William Stott

Mac Clarke said that if any Board Member who wishes to be considered for nomination for a position should inform a member of the Nominating Committee as soon as possible. The election of new officers will occur at the Board of Directors' meeting on June 10, 2010.

The meeting was adjourned at 8:00 P.M.

Enclosure

**RESOLUTION APPROVING CHANGES TO THE WATER AND SEWER
MANAGEMENT, PLANNING AND BOUNDARY AGREEMENT**

WHEREAS, in 2001, Carrboro, Chapel Hill, Hillsborough, Orange County, and OWASA adopted a Water and Sewer Management, Planning and Boundary Agreement; and

WHEREAS, in 2006, the Efland-Mebane Small Area Plan, which studied a specific area of Orange County's jurisdiction, was adopted by Orange County; and

WHEREAS, in 2006, the joint Hillsborough-Orange County Strategic Growth Plan was adopted by the Town of Hillsborough and Orange County; and

WHEREAS, said adopted plans recommend modifications to the Water and Sewer Management, Planning and Boundary Agreement; and

WHEREAS, amendments to the Water and Sewer Management, Planning and Boundary Agreement require the approval of all signatories to the Agreement:

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS
OF ORANGE WATER AND SEWER AUTHORITY APPROVES:**

1. The changes to Appendix A of the Agreement as attached hereto.
2. The addition of text to Section IV. BOUNDARIES, subsection B. Adherence to Boundaries and to Section III, DEFINITIONS as attached hereto.
3. The addition of Appendix F as attached hereto.

Adopted this the 13th day of May, 2010.

Proposed Text Amendment and Addition of Appendix F Map to the Water and Sewer Management, Planning and Boundary Agreement

Add the following text to Section IV. BOUNDARIES, subsection B. Adherence to Boundaries:

3. The Town of Hillsborough presently provides water service outside of the proposed Hillsborough Primary Service Area shown in Appendix A as follows (see Map in Appendix F for precise locations):
 1. Along NC 86S to slightly south of New Hope Church Road
 2. Joppa Oaks, Byrdsville, Wyndfall, and Strayhorn Hills neighborhoods
 3. Wayside Baptist Church area
 4. Lands across Strouds Creek Rd from Mars Hill Baptist Church and Pathways Elementary School
 5. Portions of the Watkins Rd, former Mill Run subdivision and Perry farm
 6. Along Orange Grove Road southwest of Interstate 40 and along New Grady Brown School Road to Dimmocks Mill Road and along Old Grady Brown School Road

The Town of Hillsborough may continue to provide water service to these areas but may not extend water service in these areas or outside of the Primary Service Area.

Add the following text to Section III. DEFINITIONS:

Hillsborough Long-Term Interest Area: An area (as shown on the Water and Sewer Service Boundary Map, which is Appendix A) within which public water and/or sewer service is not anticipated to be made, but if such services are to be provided, the Town of Hillsborough will be the responsible utility service provider. Long Term Interest Areas are not service areas, and do not include areas outside of Orange County. Hillsborough's Long-Term Interest Area is hereinafter referred to as Hillsborough's "interest area."

Town of Hillsborough Existing Water Service Outside of Primary Service Area - Appendix F

Note: This map contains boundaries that would be in effect only if the proposed amendments are approved.

