

**BRUNSWICK REGIONAL WATER & SEWER H2GO
REGULAR BOARD MEETING
TUESDAY, MARCH 16, 2021**

OFFICIAL MINUTES

CALL TO ORDER:

Chairman Ronnie Jenkins called the meeting to order at 6:00 p.m.; a quorum was present. The assembly cited the Pledge of Allegiance.

MEMBERS PRESENT:

Present from the Board of Commissioners were members Ronnie Jenkins, Chairman, Steve Hosmer, Vice Chairman, Rodney McCoy, Secretary, Bill Beer and Barry Laub, present from H2GO was Bob Walker, Executive Director, Scott Hook, Finance Officer, Russ Lane, Assistant Executive Director, Tyler Wittkofsky, Public Information Officer, and Deana Greiner, Deputy Clerk to the Board. Also present was attorney Steve Coble.

DISCUSSION/ADJUSTMENT OF AGENDA:

Chairman Jenkins opened the floor for any adjustments to the agenda. Mr. Lane asked to add discussion on the Old Fayetteville Road Outage to his report. Mr. Walker stated that he had four deeds of dedication to add to his report. **Commissioner Hosmer motioned to approve the agenda as amended, a vote was called and the motion was approved unanimously.**

CONSENT AGENDA:

Approval of February 16, 2021 Regular Meeting Minutes

Approval of February 24, 2021 Special Meeting Minutes

Approval of March 8, 2021 Special Meeting Minutes

Commissioner McCoy made the motion to approve the consent agenda as presented; a vote was called and the motion carried unanimously.

COMMISSIONERS REPORT:

Commissioner Beer reported that he has had informal discussions with different Leland officials; he expressed that everyone seemed happy with what was going on. Commissioner Beer thanked Mr. Walker for all that he has done in building the bridge with Leland. Commissioner Laub express that it felt good that we were working together. Chairman Jenkins reported that he had met with Mayor Bozemen and he described the meeting as being a good, and informative.

PUBLIC COMMENTS:

Chairman Jenkins opened the floor for public comments, none were given.

OLD BUSINESS:

None

NEW BUSINESS:

Discussion on 2021 Interlocal Agreement (ILA) between H2GO and Leland: Mr. Walker presented a summary of the proposed 2021 Interlocal Agreement (ILA) with the Town of Leland through power point; which has been attached and made a part of these minutes as exhibit A. Mr. Walker stated that this was the same presentation that will be given at Leland's Town Hall Meeting on Thursday. Mr. Walker began the presentation by giving the board several general statutes that would allow for the ILA; he explained the purpose of the ILA, stating it would improve efficiencies in operations, enhance financial sustainability, reduce redundancies, and improve customer service. Mr. Walker explained the provisions of the ILA. Mr. Walker explained that both parties would transfer half ownership interest in both water distribution systems and sewer collection systems within the joint undertaking area; he showed the board a map. Mr. Walker explained that the Town had exclusive right to offer and H2GO had exclusive right to provide services. Mr. Walker explained H2GO will assume all financial assets, customer accounts, H2GO will operate and maintain the combined systems, H2GO will absorb the Town's Water and Sewer employees. Mr. Walker explained that we would seek to incorporate the areas outside out district, such as Brunswick Forrest; he said in doing so it will give those customers the right to vote in our future elections. Mr. Walker explained that they were looking at a proposed closing date of June 30, 2021. There was a brief discussion on how and when these customers could become a part of the district. It was said that whether or not they are annexed into the district the service will remain the same; the only benefit will be voting rights. It was clarified that 50% ownership applied to all pipes that could be connected to within the joint area. Compass Pointe was mentioned. Mr. Coble explained that the ILA does not apply to Compass Pointe because they are a pre-existing customer of H2GO and are not in the Town. Mr. Coble explained that the ILA gave the Town of Leland the right to offer services to new areas who are not already H2GO customers. It was said that we will have 50% ownership with 100% operational responsibility. Mr. Walker stated that the water towers, waste water treatment plant, water treatment plant, operational equipment, etc. will be wholly owned by H2GO. Mr. Walker clarified that any development who connects prior to the date of the agreement and any development who has a pre-existing developer's agreement are excluded from the ILA. The waste water partnership with the County was mentioned. Mr. Walker said the ILA will not change any of the waste water agreements with the County; he explained that the ILA will just combine two partners into one. It was said that it would improve the ability to plan for future growth. Mr. Walker said the effective date was the day both governing boards approve the ILA; he said the closing date is targeted at June 30, 2021. Mr. Walker explained that there could be several things that would push that date in either direction. Mr. Walker explained that time between the two dates is considered as the operational transfer transition period.

Commissioner Beer mentioned rates. Mr. Walker explained that when we take over Leland's utilities that those customers will assume the same service at our rate. Mr. Walker said our base sewer fee was the same as Leland; he said our sewer rate per 1000 gallons was higher. Mr. Walker said our water base rate was lower than Leland's water base rate. Mr. Walker explained that the Town of Leland hasn't done a rate analysis since 2018; he said their current rates do not capture upgrades to the Northwest Treatment Plant. Mr. Walker said H2GO has been proactive

in making sure our rates are in line with covering our financial obligations. The board suggested we get proactive in educating the customers on these differences. Mr. Walker stated that overall Leland's water rates will be slightly less but their sewer rates will be slightly higher. Chairman Jenkins suggested that we inform these customers about our rates, these rates have been in effect since this date, their customers are coming to us so they will assume our rate structure; he suggested letting them know in advance and giving them an effective date.

Commissioner Hosmer explained that there was a letter received from Mr. Tyler Newman, President and CEO, Business Alliance for a Sound Economy. Commissioner Hosmer stated he felt that from reading the letter there were two underlying misconceptions that needed to be addressed. Commissioner Hosmer pointed out Mr. Newman's comment that stated he thought Brunswick County should be included in discussions of consolidation. Commissioner Hosmer explained that when discussions began in 2019 regarding a joint undertaking of utilities; the County withdrew from the discussions; stating that because they represented the whole county they could not entertain an agreement that only applied to a small group within the county. Commissioner Hosmer said the discussions continued without the County and died at the end of the year; he said the discussions were revisited a year later and the County was not included because the County had already said they were not interested. Commissioner Hosmer stated it is our responsibility to serve our customers the best we can; in doing so we initiated discussions with Leland. Commissioner Hosmer stated that he felt the second thing that he thought Mr. Newman didn't understand was the reasons for Brunswick County's proposed rate increases. Mr. Hosmer explained that Brunswick County has been hit with the perfect storm of need; he said they are having to upgrade their transmission system that included a 54 inch pipe from Lock and Dam #1 to their waste water treatment plant; and they have been hit with the need to expand their capacity of their current water treatment plant. Commissioner Hosmer stated that even though it's true that H2GO is withdrawing from buying water from the County; he said our capacity only makes up 12% of the County's wholesale revenue. Commissioner Hosmer said that last factor for the County's rate increase comes from the fact that the Army of Corp Engineers will be abandoning the maintenance of Lock and Dam #1; he said that someone will have to pay to maintain it. It was said that there were five counties involved in that maintenance and Brunswick County was one of them. Chairman Jenkins stopped the discussion; he said it was not our responsibility to justify the County's rate increases. Commissioner Hosmer ended his comments with explaining that he was not trying to justify the County but he wanted to show that H2GO was just a small percentage of impact.

EXECUTIVE DIRECTOR'S REPORT:

DOD: Finely Farms Lots 1-8

DOD: Juniper Creek Lots 15-22, 32-42, 91-93

DOD: Colbert Place Lots 1-45

DOD: Ibis Landing Phase 1 Lots 1-20

Mr. Walker presented to the board the fore mentioned deeds of dedication; he said all documents were in order and everything had been inspected and approved by staff.

Commissioner Beer made the motion to approve the deed of dedication for Finely Farms Lots 1-8, the deed of dedication for Juniper Creek Lots 15-22, 32-42, 91-93, the deed of dedication for Colbert Place Lots 1-45, and the deed of dedication for Ibis Landing Phase 1 Lots 1-20. A vote was called and the motion carried unanimously.

RO Water Treatment Project Update: Mr. Walker reported to the board that at the RO Plant site that they preloaded where the two ground storage tanks goes; he said they excavated where the pipe gallery goes under the slab, and they were getting ready to pour mud mats. Mr. Walker said the electrician was also running the electrical. The road to the plant was mentioned and Mr. Walker stated they had work on it; he said they poured rock/stone along the road.

Pump and Haul was mentioned. Mr. Walker said they did pump and haul the first two weeks of the month; he said they should be good for the rest of the month.

ASSISTANT DIRECTOR'S REPORT:

Old Fayetteville Road Outage: Mr. Lane reported to the board that there was an outage scheduled for a section of Old Fayetteville Road; he said the outage would go from Weirs Auto to the high school. Mr. Lane said the high school would not be affected.

FINANCE OFFICER'S REPORT:

Budget Ordinance Amendment: Mr. Hook explained that the budget ordinance amendment had to do with the 250,000 gallons per day they approved at a previous meeting. Mr. Hook said this was formalizing it into the budget. **Commissioner Hosmer made the motion to approve the amendment as presented; which is made a part of these minutes as exhibit B. A vote was called and the motion carried unanimously.**

The waste water treatment plant was mentioned. Mr. Walker said they were looking at finishing the end of June. It was asked if there was anything that could be done in the meantime to alleviate pump and haul. Mr. Walker said the only thing that could be done was for them to stay aggressive in dealing with I and I.

Check Register, February 10, 2021 through March 10, 2021: No comments nor questions were made regarding the check register.

PUBLIC INFORMATION OFFICER'S REPORT:

Mr. Wittkofsky stated he had nothing to report.

ATTORNEY'S REPORT:

Mr. Coble said he had nothing to report in open session.

INFORMAL DISCUSSION:

Mr. Walker informed the board that he was contacted by Brunswick County's Emergency services; he said they had COVID vaccination available to any staff who wanted to sign up for them.

Chairman Jenkins informed the board that there would be a representative from the Brunswick Community College to discuss the possibility of us participating in a scholarship for a needy

student; he said this will take place be in the next meeting. Chairman Jenkins explained to the board that he will have to excuse himself from any decision regarding this because his wife sits on the scholarship committee. There was a brief discussion on Brunswick Community College and possible training opportunities they offer for the workforce.

Mr. Walker informed the board that a notice was posted stating that our board would be present during the Town of Leland’s Council Meeting. Mr. Walker asked that the board not sit together. It was said they did not want to give the appearance of “conducting business.” It was said they would be present to simply observe the meeting.

EXECUTIVE SESSION:

Commissioner Laub made the motion for the board to enter executive session at 6:27 pm to discuss Consultation with Legal Counsel, pursuant to NCGS 143-318.11(a)(3) and Contract Negotiations, pursuant to NCGS 143-318.11 (a)(5); a vote was called and the motion carried unanimously.

Commissioner McCoy motioned for the board to return to open session; a vote was called and the motion carried unanimously.

It was said there was nothing to report out of Executive Session.

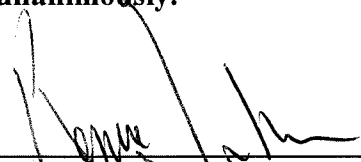
Mr. Walker explained that if the ILA went through that the conference room would have to be converted into temporary office space. Mr. Walker stated that we have invitations from both Leland and Belville to use their meeting spaces as needed. It was suggested and agreed upon that we alternate our meeting quarterly between both locations.

ANNOUNCEMENT OF NEXT MEETING:

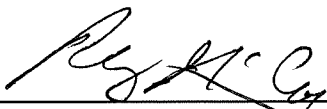
Chairman Jenkins announced that there would be a special joint meeting with the Town of Leland, located at Leland Town Hall, on March 19, 2021 at 9:00 a.m.
Chairman Jenkins announced that the next Regular Meeting would be held on April 20, 2021 at 6:00pm.

ADJOURNMENT:

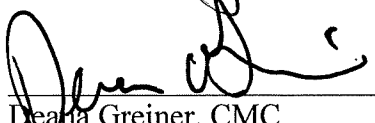
Commissioner Beer made the motion to adjourn the meeting at 7:59pm, the motion carried unanimously.



Ronnie Jenkins, Chairman



Rodney McCoy, Secretary



Debra Greiner, CMC
Deputy Clerk to the Board

Date of Approval

EXHIBIT A

Joint Undertaking for Water and Wastewater Services

2021 Interlocal Agreement
Between
Brunswick Regional Water and Sewer H2GO
and the Town of Leland

Authority for Joint Undertaking

- N.C. Gen. Stat. §§ 160A-460 through 160A-466, 160A-11, 160A-322, and 130A-55 allow for joint undertakings of towns and sanitary districts for public enterprises
- N.C. Gen. Stat. §§ 160A-311(1) & (2) defines a public enterprise as including water supply and distributions systems and wastewater collection, treatment, and disposal systems
- N.C. Gen. Stat. §§ 160A-274 authorizes the exchange of interest in real or personal property between towns and sanitary districts

EXHIBIT A

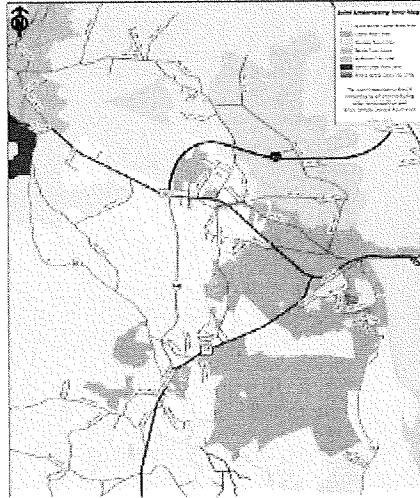
Purpose for Agreement

- Need for comprehensive planning of water and wastewater needs in the Region
- The Region is growing rapidly
- The joint undertaking will:
 - improve efficiencies in operations
 - enhance financial sustainability
 - reduce redundancies and overlaps
 - improve customer service

Provisions of the Agreement

- The Parties will transfer to one another a one-half (1/2) ownership interest in the water distribution and sewer collection assets within the Joint Undertaking Area
- The Town of Leland will have the exclusive right to offer water and sewer services in the Area
- The Sanitary District will have the exclusive right to provide water and sewer services in the Area
- The offer of services is a condition precedent of the provision of services

EXHIBIT A



Joint Undertaking Area Map

Provisions of the Agreement

- The Sanitary District will assume the financial assets, customer accounts, 1/2 interest in collection and distribution assets, real and personal property assets, and associated liabilities of Leland
- The Sanitary District will operate and maintain the combined systems
- The Sanitary District will complete ongoing projects from Leland
- An Operational transfer period is established in which due diligence will occur, assets and liabilities will transfer, and Leland's water and sewer employees will be hired by the Sanitary District

EXHIBIT A

Provisions of the Agreement

- The Sanitary District will seek to incorporate the areas within the Town that are currently outside of the District's jurisdiction into their corporate boundaries
- The availability and provision of service to customers will continue as normal
- The Closing Date is June 30, 2021

Questions?

EXHIBIT B

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**Brunswick Regional
H₂GO
Water and Sewer**

Wastewater Plant Upgrade Project (Fund 45)
BUDGET ORDINANCE

Whereas, there is a need for Brunswick Regional Water & Sewer H2GO to anticipate capital outlays for major capital project needs; and

Whereas, the District has established sewer impact fees and sewer recovery fees in order to fund such sewer infrastructure and capacity needs for the District's growth; and

Whereas, additional infrastructure upgrades are currently needed to include construction of upgraded capacity at the Belville Wastewater Treatment Plant; and

Now, therefore is it Resolved, by the District Board of Commissioners that:

1. A capital project budget is established to identify and fund the additional 250,000 gpd capacity upgrade at the Belville Wastewater Treatment Plant.
2. The total budget, subject to change by Board action as necessary, for the life of the project, is as follows:

REVENUE:

A. Sewer Impact Fees \$ 804,545

EXPENDITURES:

B. Construction \$ 804,545

Adopted the 16th day of March 2021.

Ronnie Jenkins, Chairman

Teresa Long, Clerk to the Board

Scott A. Hook, Finance Officer

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