

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**APRIL 21, 2022**  
**5:00 P.M.**

The Board of Directors (the “Board”) of the Water and Sewer Authority of Cabarrus County (“WSACC”) met in regular session on Thursday, April 21, 2022 at the Administrative Offices. The meeting was also set up for virtual attendance administered by Zoom and streamed on YouTube.

Public access to the meeting could be obtained by calling into the conference bridge at 1-(267) 930-4000 and using the participant access code.

The following Board Members were present:

Mr. Rob Donham (virtual attendance)	Mr. Mike Legg
Mr. Darrell Hinnant	Mr. Jonathan Marshall
Ms. Jennifer Parsley-Hubbard	Mr. Jim Sells (virtual attendance)

Mr. Jeff Corley, Mr. Robert Ritchie and Mr. Lynn Shue were unable to attend due to a prior commitment.

Also present were Mr. Michael Wilson, Executive Director; Ms. Tammy Garifo, Executive Secretary/Secretary to the Board; Mr. Chad VonCannon, Engineering Director; Ms. Robin Moore, Deputy Executive Director/Administration; Mr. Thomas Jakubisin, Network Administrator; Mr. Mark Fowler, Facilities Director; Mr. Thomas Hahn, Assistant Engineer Director; Ms. Kassie Watts, Town of Midland; Mr. William Isenhour and Ms. Amy Rickers, Johnston, Allison & Hord, P.A. (“JAH”); Ms. Becky Drozdz, Catapult; Mr. B.J. Christman and Mr. Brock Wortman, Crowder Construction Company; and Mr. Mitch Brigulio, Davenport & Company.

At 5:00 P.M., Chairman Legg called the meeting to order.

**UNFINISHED BUSINESS**

**Request for Approval of the Minutes of March 17, 2022**

**Mr. Hinnant made a motion to approve the March 17, 2022 minutes. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.**

**PUBLIC HEARING**

**Public Hearing for the Proposed Fiscal Year 22-23 Budget.**

Chairman Legg opened the public hearing for the proposed fiscal year 22-23 budget.

Having no comments, Chairman Legg closed the public hearing.

**WORK SESSION**

**Discussion as Necessary on the Proposed Fiscal Year 22-23 Budget.**

At the March 17, 2022 Board meeting, Mr. Wilson reviewed the Proposed Annual

Operating Budget for the fiscal year 22-23 and gave the Board a copy to review and provide comments before adopting the budget at the April 21, 2022 Board meeting.

The Board had no questions or comments on the proposed annual budget.

Consideration of Adoption of the Fiscal Year 22-23 Budget Ordinance and Approval of the Capital Improvement Program.

Mr. Wilson requested the Board’s approval of the Budget Ordinance for the fiscal year 22-23 budget and the Capital Improvement Program for the fiscal year 22-23 for planning purposes, subject to the Board’s specific approval of a capital project ordinance including budgeted monies before proceeding with any project.

**Mr. Marshall made a motion to approve the Budget Ordinance for the Fiscal Year 22-23 and to approve the Capital Improvement Program for the Fiscal Year 22-23 and five planning years. Mr. Donham seconded the motion and the Board approved by unanimous vote.**

The Annual Operating Budget and CIP Plan for the Fiscal Year 22-23 is filed in the Secretary to the Board’s office and can be found on WSACC’s website.

The Budget Ordinance was approved as follows:

**Water and Sewer Authority of Cabarrus County  
BUDGET ORDINANCE  
For the Fiscal Year July 1, 2022 through June 30, 2023**

**BE IT ORDAINED** by the Board of Directors of the Water and Sewer Authority of Cabarrus County (WSACC), North Carolina, meeting in open session this 21st day of April, 2022, that the following fund revenues and departmental expenses, together with certain restrictions and authorizations, are adopted.

**SECTION I – GENERAL OPERATING FUND**

**A. Revenues totaling \$20,455,276 are hereby approved, comprised of the following components:**

Flow Operation and Maintenance	\$11,525,620
Fixed Shares – Treatment	5,146,744
Fixed Shares – Interceptor	1,725,982
Surcharges	550,000
Program, Sample & Lab Fees	249,608
Raw Water Charges – Lake Howell	283,734
Biosolids Disposal Tipping Charges	400,000
Septage Haulers' Fees	400,000
Investment Earnings	150,000
Other	23,588
Total Revenues	<u><u>\$20,455,276</u></u>

**B. The following rates and fixed charges have been established:**

Wastewater Combined Operation and Maintenance:

Treatment Rate/1,000 gallons	\$1.636
Treatment Fixed Share	\$5,146,744
Interceptor Fixed Share	\$1,725,982
Septage Hauler Rate/ gallon	\$0.055
Lake Howell Reservoir:	
Annual Charge for Permitted Capacity	\$283,734
City of Concord	\$233,201
City of Kannapolis	\$50,533

Other user fees are shown in detail on the attached Exhibit A.

**C. Expenses totaling \$20,455,276 are hereby approved, comprised of the following program budgets:**

Administration	\$1,591,233
Engineering	744,902
Rocky River Regional Wastewater Treatment Plant	6,710,639
Biosolids Incineration	1,797,886
Laboratory	580,132
Pretreatment	218,366
Muddy Creek Wastewater Treatment Plant	256,325
Interceptors	1,728,039
Lake Howell Reservoir	283,734
Debt Service/Capital Outlay – Treatment	4,474,043
Debt Service/Capital Outlay – Interceptor	1,325,981
Non-departmental	<u>743,996</u>
Total Expenses	<u>\$20,455,276</u>

**D. Compensation adjustments have not been incorporated in the budget ordinance at this time:**

The Executive Director will return to the Board and seek approval of pay scale and performance merit increase ranges at a later time.

Board Members

Compensation as allowed by State Statute.

**SECTION II – SYSTEM DEVELOPMENT FEE FUND**

**A. Revenues totaling \$3,200,000 are hereby approved, comprised of the following components:**

System Development Fees	<u>\$ 3,200,000</u>
Total Revenues	<u>\$ 3,200,000</u>

The System Development Fees (SDF) are authorized by ordinance, and collected by Cabarrus County on WSACC's behalf.

**B. The following fees have been established:**

Meter Size <u>in Inches</u>	System Development <u>Fee</u>
5/8 & 3/4"	\$ 2,040
1"	\$ 5,100
1.5"	\$ 10,200
2"	\$ 16,320
3"	\$ 30,601
4"	\$ 51,001
6"	\$ 102,002
8"	\$ 163,203
10"	\$ 244,804
12"	\$ 540,610

**C. Expenses totaling \$3,200,000 are hereby approved, comprised of the following components:**

Contribution to SDF Reserve	<u>\$3,200,000</u>
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The Board of Directors will authorize all SDF transfers to a Capital Project Fund for each specific capital project.

**SECTION III – ENCUMBRANCES AS OF JUNE 30, 2022**

Funds appropriated in the FY 2021-2022 Budget and encumbered on June 30, 2022, shall be authorized as part of the Budget Appropriation by adoption of this Budget Ordinance.

**SECTION IV – SPECIAL AUTHORIZATIONS**

- A. The Executive Director shall be authorized to transfer monies within program budgets to carry out the objectives of each program, without limitation.
- B. The Executive Director shall be authorized to transfer monies between program budgets as necessary for the efficient operation of WSACC without action by the Board of Directors.
- C. The Executive Director shall be authorized to transfer monies from the Nondepartmental program budget to other program budgets, to reflect:
  1. The difference in the actual percentage increase authorized by the Board of Directors for merit increases, and the amount budgeted within the programs.
  2. To carry out the results of any personnel action taken by the Board of Directors.

- 3. The difference in actual insurance premiums and the amount budgeted within the programs.
  - 4. Unplanned and unanticipated maintenance of equipment of a critical nature.
- D.** The Executive Director shall be authorized to reallocate monies among the various objects of expenditures for Capital Project Ordinances and between Capital Project Ordinances as needed.
  - E.** The Executive Director is hereby authorized to transfer monies from the contingency designation into program budgets as necessary for the efficient operation of the WSACC organization. The transfer is to be reported to the Board of Directors at the next scheduled meeting.
  - F.** The Executive Director is authorized to establish the capitalization threshold of \$10,000 for capital assets and \$250,000 for infrastructure.
  - G.** The Executive Director and the Engineering Director are authorized to establish rates for biosolids cake and liquid taking into consideration the percent solids, volatiles content, difficulty of processing and the impact on the plant.

**SECTION V – INSTRUCTIONS – EXECUTIVE DIRECTOR**

The Board of Directors authorizes adoption of the General Operating Fund budget on the program budget level.

**SECTION VI – BUDGETARY ACCOUNTING FOR APPROPRIATIONS**

Any and all salaries, benefits and expenses paid under this budget ordinance have been preaudited under the requirements of GS 159-28(a) and the finance officer has determined that an unencumbered balance remains in the appropriation sufficient to pay in the July 1, 2022 through June 30, 2023 fiscal year the sums obligated by the transaction. The following certification shall apply to payments during the fiscal year:

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

\_\_\_\_\_  
Finance Officer

**SECTION VII - UTILIZATION OF BUDGET AND BUDGET ORDINANCE**

This Budget Ordinance and the Operating Budget document, which is on file with the Executive Director and incorporated fully as part of this Budget Ordinance, shall be the basis of the financial operations of WSACC during the Fiscal Year. The Executive Director shall administer the Budget and shall ensure that the Board of Directors is provided sufficient financial information to allow the setting of appropriate financial policies. The Executive Director shall establish and maintain records, which are in agreement with the Budget, the Budget Ordinance, and the appropriate statutes of the State of North Carolina.

**THIS ORDINANCE IS HEREBY** approved and adopted this 21st day of April, 2022.

BOARD OF DIRECTORS  
Water and Sewer Authority of

ATTEST:

Tammy M. Garifo, Secretary to the Board

**NEW BUSINESS**

**Request for Approval of the Implementation of the Catapult Compensation Study Market Pricing and Analysis with an Effective Date of May 1, 2022.**

Ms. Moore along with Ms. Becky Drozdz from Catapult presented the Compensation Study Market Pricing and Analysis report conducted by Catapult. The compensation study included a complete review and update of WSACC’s job descriptions, a collection of market data from three external data sources and a comparison of WSACC’s compensation against other employers in the area.

Ms. Drozdz made the following recommendations based on the data she gathered: an increase in WSACC’s salary structure by 3.1%, then implement an across the board 3.1% base pay increase to keep salaries current with labor cost; an additional merit budget based on job performance; and 5 positions were recommended for a pay grade assignment adjustment..

Ms. Moore then made a recommendation to approve the compensation study with an effective date of May 1, 2022, using the proposed salary structure with a 3.1% base pay increase for all employees as well as 5 positions for a pay grade assignment adjustment. The total cost for the implementation of the proposed salary structure was \$119,454.

**Mr. Hinnant made a motion to approve the Catapult Compensation Study Market Pricing and Analysis with an effective date of May 1, 2022. Mr. Marshall seconded the motion and the Board approved by unanimous vote.**

**Request for Approval of Shelley Farris as Finance Officer**

Mr. Wilson asked the Board to designate Ms. Shelley Farris, Assistant Finance Director as WSACC’s Finance Officer until WSACC hires a Finance Director.

Mr. Wilson said the Local Government Budget and Fiscal Control Act General Statute 159-24 allows for the designation of a Finance Officer to hold the office at the pleasure of the appointing board or official and GS 159-25 list the various duties required of the Finance officer.

**Ms. Hubbard made a motion to designate Ms. Shelley Farris as WSACC’s Finance Officer. Mr. Marshall seconded the motion and the Board approved by unanimous vote.**

**Request for Approval of the Capital Project Ordinance for the Lower Coddle Creek Parallel Interceptor Budget in the Amount of \$44,867,550**

Mr. Wilson said as part of the American Rescue Plan Act (ARPA) \$35 million award, the Division of Environmental Quality (DEQ) requires board approval of a Capital Project

Ordinance (CPO) detailing the amount of ARPA monies budgeted and the total cost for the Lower Coddle Creek Parallel Interceptor (Project). The anticipated revenues available for the Project are \$35,000,000 ARPA funds, \$1,834,000 SDF funds, and \$8,033,550 revenue bonds for a total amount of \$44,867,550.

Mr. Wilson said although WSACC had previously adopted a CPO for the Project, he was asking the Board to re-adopt the CPO with the new budget amount and to meet the requirements of DEQ.

Mr. Wilson said the Project will be bid in the fall of 2022 and WSACC will return to the Board at that time to request an amendment to the CPO to reflect the actual expected revenues and expenses for the Project.

**Mr. Marshall made a motion to approve the Capital Project Ordinance for the Lower Coddle Creek Parallel Interceptor budget in the amount of \$44,867,550. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.**

The Capital Project Ordinance was approved as follows:

**AN ORDINANCE TO ADD A CAPITAL PROJECT FUND FOR THE LOWER CODDLE CREEK PARALLEL INTERCEPTOR**

This Ordinance is adopted by the Board of Directors of the Water & Sewer Authority of Cabarrus County (WSACC) in accordance with Section 13.2 of Chapter 159 of the General Statutes of North Carolina for a capital project consisting of the **Lower Coddle Creek Parallel Interceptor**.

WHEREAS, the engineering, design, right of way acquisition and construction of the **Lower Coddle Creek Parallel Interceptor** is required to meet the sewer transportation needs of the service areas; and

WHEREAS, the Board of Directors of WSACC wishes to be responsive to the needs of the service area; and

WHEREAS, the period for the completion of the **Lower Coddle Creek Parallel Interceptor** could extend over more than one (1) fiscal year; and

WHEREAS, the Board of Directors of WSACC wishes to comply with the Local Government Budget and Fiscal Control Act.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of WSACC that the following capital project ordinance is hereby adopted:

1. The project authorized is for the engineering, design, right of way acquisition and construction of the **Lower Coddle Creek Parallel Interceptor**.
2. The following revenues are anticipated to be available to WSACC:

ARPA State Fiscal Recovery Funds	\$35,000,000
System Development Fees	\$ 1,834,000
Revenue Bonds	<u>\$ 8,033,550</u>
Total Revenues	<u>\$44,867,550</u>
3. The following amounts are appropriated expenses for the project: \$44,867,550

4. Accounting records are to be maintained by the Executive Director of WSACC in such a manner as to provide all information required to comply with the Local Government Budget and Fiscal Control Act of the State of North Carolina.
5. At the completion of the project, the Executive Director is authorized to transfer all excess funds to any open project and close the project into capital assets.
6. The Executive Director is directed to report on the financial status of this project in accordance with the policy established by the Board of Directors.
7. The Executive Director is authorized to execute contracts for the completion of this project to the extent allowed by law.

Adopted this 21<sup>st</sup> day of April 21, 2022.

WATER AND SEWER AUTHORITY OF  
CABARRUS COUNTY, NORTH CAROLINA

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Michael Legg, Chairman

ATTEST: \_\_\_\_\_  
Tammy Garifo, Secretary

Request for Approval of the Adoption of the Resolution Accepting the American Rescue Plan Act Offer and Making the Applicable Assurances Contained Within

Mr. Wilson said DEQ requires a Resolution acknowledging WSACC’s acceptance of the ARPA \$35 million award for the Lower Coddle Creek Parallel Interceptor project. The Resolution also designates the Executive Director as responsible for completing and furnishing all paperwork and documentation associated with the ARPA award.

Mr. Wilson then requested approval to adopt the resolution accepting the ARPA offer and to make the applicable assurances contained within.

**Mr. Hinnant made a motion to approve the adoption of the Resolution Accepting the American Rescue Plan Act Offer and Making the Applicable Assurances Contained Within. Mr. Marshall seconded the motion and the Board approved by unanimous vote.**

The Resolution was approved as follows:

**RESOLUTION OF ACCEPTANCE OF THE AMERICAN RESCUE PLAN ACT BY THE  
BOARD OF DIRECTORS FOR  
THE WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**

**WHEREAS,** the Water and Sewer Authority of Cabarrus County has received an earmark for the American Rescue Plan (ARP) funded from the State Fiscal Recovery Fund established in S.L. 2021-180 to assist eligible units of government with meeting their water/wastewater infrastructure needs, and

**WHEREAS,** the North Carolina Department of Environmental Quality has offered ARP funding in the amount of \$35,000,000 to perform work detailed in the submitted application, and



**WHEREAS,** the Water and Sewer Authority of Cabarrus County intends to perform said project in accordance with the agreed scope of work,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WATER AND SEWER AUTHORITY OF CABARRUS COUNTY:**

That the Water and Sewer Authority of Cabarrus County does hereby accept the ARP Grant offer of \$35,000,000.

That the Water and Sewer Authority of Cabarrus County does hereby give assurance to the North Carolina Department of Environmental Quality that any Conditions or Assurances contained in the Award Offer will be adhered to.

That Michael Wilson, Executive Director, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with this project; to make the assurances as contained above; and to execute such other documents as may be required by the Division of Water Infrastructure.

Adopted this 21<sup>st</sup> day of April 2022 at Concord, North Carolina.

WATER AND SEWER AUTHORITY  
OF CABARRUS COUNTY

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Michael Legg, Chairman of the Board

ATTEST: \_\_\_\_\_  
Tammy Garifo, Secretary

Request for Approval of WSACC’s Conflict of Interest Policy

Mr. Wilson said a requirement for receiving ARP grants was for WSACC to have a Conflict of Interest (Policy) in place. WSACC’s attorney prepared the Policy for the Board to consider and approve.

Mr. Wilson said a copy of the Policy will be given to all Directors, Officers, and Staff Members to sign and date at the beginning of his or her term of service or employment with WSACC.

**Mr. Donham made a motion to approve WSACC’s Conflict of Interest Policy. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.**

The Conflict of Interest Policy was approved as follows:

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Conflict of Interest Policy**

The purpose of the following policy and procedures is to prevent the personal interest of staff members, officers, and/or directors of the Water and Sewer Authority of Cabarrus County (“WSACC”) from interfering with the performance of their duties to WSACC, or resulting in personal financial, professional, and/or political gain on the part of such persons at the expense of WSACC, including but not limited to, personal or pecuniary interest, direct or indirect, in any contract or purchase order for materials, services, equipment or property of any kind to be furnished to or used by WSACC or any substantial gratuities, favors, or items of monetary value from contractors or parties to subcontracts other than unsolicited items of nominal value. This policy supplements ARTICLE VIII of WSACC’s Bylaws

(Conflicts of Interest; Duty to Make Disclosure) and should any discrepancy exist between this policy and WSACC's Bylaws, the Bylaws will govern.

Definitions: Capitalized terms used throughout this document will be defined as follows:

1. "Conflict of Interest" (also "Conflict") means a conflict, or the appearance of a conflict between the private interests and official responsibilities of a person in a position of trust. Persons in a position of trust include Staff Members, Officers, and Directors of WSACC;
2. "Director" means an individual member of the Board;
3. "Disinterested Party" means a Director, Officer, or Staff Member without a Conflict of Interest;
4. "Governing Board" (also "Board") means the board of directors of WSACC;
5. "Interested Party" means a Director, Officer, or Staff Member with a Conflict of Interest;
6. "Officer" means the chairman, vice-chairman, secretary, treasurer, and such other Officers as elected by the Board pursuant to Article IV of WSACC's Bylaws; and
7. "Staff Member" means a person who receives all or part of his/her income from the payroll of WSACC.

Policy:

1. Full disclosure, by notice in writing, shall be immediately made by the Interested Party to the full Governing Board in all Conflicts of Interest, including but not limited to the following:
  - a) A Director is related to another Director;
  - b) A Director is related to a Staff Member;
  - c) A Director is also a Staff Member;
  - d) A Staff Member in a supervisory capacity is related to another Staff Member whom he/she supervises;
  - e) A Director, Officer or Staff Member receives payment from WSACC for any contract, subcontract, goods, or services other than as part of his/her regular job responsibilities or as reimbursement for reasonable expenses incurred as provided in the bylaws and Board policy;
  - f) A Director, Officer or Staff Member is a member of the governing body of a contributor to WSACC and such contributor may have financial or political gain at the expense of WSACC;
  - g) A Director, Officer or Staff Member may have personal, financial, professional, or political gain at the expense of WSACC;
  - h) A Director, Officer or Staff Member engages in activities that may cause a loss of public credibility in WSACC or create a public impression of impropriety;
  - i) A Director, Officer or Staff Member owns or controls a direct or indirect interest in any such materials, services, equipment or property proposed to be furnished to or used by WSACC; or
  - j) A Director, Officer or Staff Member has received an item of substantial monetary value from a contractor or party to a subcontract other than an unsolicited item of nominal monetary value.

All disclosures of a possible Conflict of Interest will be entered into the meeting minutes of the Governing Board.

2. No Interested Director, Officer, or Staff Member shall participate in the selection, award, or administration of a procurement transaction in which federal or state funds are used, where to his/her knowledge, any of the following has a financial interest in that transaction: (1) the Staff Member, Officer, or Director; (2) any member of his/her immediate family; (3) his/her partner; (4) an organization in which any of the above is an officer, director, or employee; or (5) a person or organization with whom any of the above is negotiating or has any arrangement concerning prospective employment.

3. A person determined to be a Board Director, Officer, or Staff Member shall not participate in any discussion or debate of the Board or of any committee thereof, in which the subject of discussion is a contract, transaction, or situation in which there may be a Conflict of Interest.
4. Following full disclosure and determination of status by the Board, the Board shall vote to authorize or reject the transaction and/or condition. Both votes shall be by a majority vote without counting the vote of any Interested Director, even if the Disinterested Directors are less than a quorum, provided that at least one consenting Director is disinterested.
5. Existence of any conditions listed in 1(a)-(j) above shall render a contract or a transaction voidable unless full disclosure of personal interest is made in writing to the Board and such transaction was approved by the Board in full knowledge of such interest. Any failure to disclose a personal interest by a Director or Staff Member will constitute misconduct in office or in employment with WSACC.
6. The Disinterested Directors are authorized to impose by majority vote other reasonable sanctions as necessary to recover associated costs against a Director, Officer, or Staff Member for failure to disclose a Conflict of Interest as described in Paragraph 1 or for any appearance of a Conflict.
7. Appeal from sanctions imposed pursuant to Paragraph 5 and 6 above shall be prescribed by law in those courts of the State of North Carolina with jurisdiction over both the parties and the subject matter of the appeal.
8. In the event that WSACC has incurred costs or attorney fees as a result of legal action, litigation, or appeal brought by or on behalf of an Interested Party due to a Conflict of Interest and consequent sanctions and in the event that WSACC prevails in such legal action, litigation, or appeal, WSACC shall be entitled to recover all of its costs and attorney fees from the unsuccessful party.
9. A copy of this policy shall be given to all Directors, Officers, and Staff Members upon commencement of such person's relationship with WSACC and each Director, Officer, and Staff Member shall sign and date the policy at the beginning of his or her term of service or employment. Failure to sign does not nullify the policy. Annually, this policy, as amended or updated from time to time, will be circulated to each Director, Officer and Staff Member.

Signed:

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(name printed)

\_\_\_\_\_  
(date)

Request for Approval of the Bond Order

At WSACC's March 17, 2022 Board meeting, the Board adopted a Bond Order that required a public offering. Mr. Wilson said due to the changing market conditions, the Bond Order had been updated to include the option of either a public offering or a private sale.

Mr. Wilson then asked the Board to approve the updated Bond Order that would allow WSACC to designate either the Chairman of the Board, Executive Director or Finance Director to make the final decision for using either a public offering or a private sale for the 2022 Bond.

**Mr. Hinnant made a motion to approve the Bond Order as presented. Mr. Marshall seconded the motion and the Board approved by unanimous vote.**

The Bond Order was approved as follows:

**BOND ORDER AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$100,000,000 WATER AND SEWER AUTHORITY OF CABARRUS COUNTY ENTERPRISE SYSTEMS REVENUE BONDS, SERIES 2022A; AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH 2022 BONDS; PROVIDING FOR THE SALE OF THE 2022 BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE 2022 BONDS**

**WHEREAS**, the Water and Sewer Authority of Cabarrus County (the “*Authority*”) is authorized by the State and Local Government Revenue Bond Act, General Statutes of North Carolina, Section 159-80 et seq. (the “*Act*”), to issue, subject to the approval of the Local Government Commission of North Carolina (the “*LGC*”), at one time or from time to time, revenue bonds of the Authority for the purposes as specified in the Act;

**WHEREAS**, the Authority has determined to issue Enterprise Systems Revenue Bonds, Series 2022A (or with such other appropriate series designation or designations)(the “*2022 Bonds*”), in one or more series, in a principal amount not to exceed \$100,000,000 to (a) finance the costs of extensions, additions and capital improvements to, or the acquisition, renewal and replacement of capital assets of, or purchasing and installing new equipment for the Enterprise Systems, including the need to expand and improve its facilities to provide additional capacity to the Member Jurisdictions (as defined in the General Indenture) and to certain residents and businesses located within the Member Jurisdictions and surrounding areas and to surrounding jurisdictions (the “*Projects*”) and (b) pay the costs of issuing the 2022 Bonds;

**WHEREAS**, the Authority will issue the 2022 Bonds under an General Trust Indenture dated as of May 1, 2022 (the “*General Indenture*”) between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”), and Series Indenture, Number 1 dated as of May 1, 2022 (the “*Series Indenture*,” and together with the General Indenture, the “*Indenture*”) between the Authority and the Trustee;

**WHEREAS**, the Board of Directors of the Authority adopted an initial resolution on March 17, 2022, (a) requesting the LGC to sell the 2022 Bonds through negotiation to Robert W. Baird & Co. Incorporated and PNC Capital Markets LLC, as underwriters (the “*Underwriters*”) of the 2022 Bonds (the “*Public Offering*”) and (b) authorizing the Chairman of the Board of Directors, the Authority’s Executive Director and the Finance Director, and their respective designees, individually and collectively, to do any and all other things necessary to complete the steps necessary for the authorization of the 2022 Bonds;

**WHEREAS**, the Authority, due to changing market conditions, would like to have the ability, if it deems advisable, to enter into one or more direct bank loans evidenced by the 2022 Bonds without advertisement in accordance with the Act (the “*Direct Bank Loan*”);

**WHEREAS**, the Authority has filed with the LGC an application to authorize the Authority to arrange the sale of the 2022 Bonds in the form of a Public Offering or a Direct Bank Loan;

**WHEREAS**, the Authority has retained (a) Parker Poe Adams & Bernstein LLP, as bond counsel for the 2022 Bonds, (b) Johnston, Allison & Hord, P.A., as counsel for the Authority, (c) Davenport & Company LLC, as financial advisor for the 2022 Bonds, (d) U.S. Bank Trust Company, National Association, as trustee for the 2022 Bonds and (e) Stantec Inc., as feasibility consultant (collectively, the “*Financing Team*”) and wishes to retain the Financing Team for either a Public Offering or a Direct Bank Loan;

**WHEREAS**, if the Authority elects to issue the 2022 Bonds by the Public Offering, the Authority and the LGC have arranged for the sale of the 2022 Bonds to the Underwriters, under the terms of a Bond Purchase Agreement (the “*Purchase Agreement*”) among the Authority, the LGC and the Underwriters, pursuant to which the Authority and the LGC will sell the 2022 Bonds to the Underwriters in accordance with the terms and conditions set forth therein;

**WHEREAS**, copies of the forms of the following documents relating to the Public Offering transaction described above have been filed with the Authority:

- (1) the General Indenture;

- (2) the form of the Series Indenture for a Public Offering;
- (3) the Purchase Agreement; and
- (4) a Preliminary Official Statement (the “*Preliminary Official Statement*”) with respect to the 2022 Bonds;

**WHEREAS**, if the Authority elects to issue the 2022 Bonds by a Direct Bank Loan, upon approval by the LGC of the Authority’s application for the 2022 Bonds, the LGC will sell the 2022 Bonds on behalf of the Authority to a lender or lenders, selected by the Authority (the “*Lender*” or “*Lenders*”); and

**WHEREAS**, copies of the forms of the General Indenture and the Series Indenture for a Direct Bank Loan transaction described above have been filed with the Authority.

**NOW THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE WATER AND SEWER AUTHORITY OF CABARRUS COUNTY:**

**Section 1.** The 2022 Bonds are hereby authorized and will be issued pursuant to the Act to raise the money required, in addition to any funds which may be made available for such purpose from any other source, to (a) finance the Projects and (b) pay the costs of issuing the 2022 Bonds. The use of the proceeds of the 2022 Bonds, as described, is necessary to meet the demands of the users of the Authority’s water and sewer systems.

**Section 2.** The use of the Financing Team is hereby approved in connection with the Authority’s issuance of the 2022 Bonds for either a Public Offering or Direct Bank Loan and the Executive Director of the Authority is hereby authorized to select the preferred method for financing the 2022 Bonds by Public Offering or Direct Bank Loan that he determines in his discretion is in the best interest of the Authority.

**Section 3.** The aggregate principal amount of the 2022 Bonds authorized by this order will not exceed \$100,000,000. The 2022 Bonds may be issued in one or more series. The 2022 Bonds hereby authorized shall be special obligations of the Authority, secured by and paid solely from the proceeds thereof or from revenues, income, receipts and other money received or accrued by or on behalf of the Authority from or in connection with the operation of the Enterprise Systems (as defined in the General Indenture) as described in the General Indenture.

**Section 4.** The Authority’s issuance of the 2022 Bonds, in substantially the form to be set forth in the Series Indenture, is hereby in all respects approved and confirmed, and the provisions of the General Indenture and the Series Indenture, in either the form related to the Public Offering or the form related to the Direct Bank Loan, as applicable, with respect to the 2022 Bonds are hereby approved and confirmed and are incorporated herein by reference. The proceeds from the sale of the 2022 Bonds will be deposited in accordance with the Series Indenture.

The principal of, premium, if any, and interest on the 2022 Bonds will not be payable from the general funds of the Authority, nor will the 2022 Bonds constitute a legal or equitable pledge, charge, lien or encumbrance on any of the Authority’s property or on any of its income, receipts or revenues except the funds which are pledged under the Indenture. Neither the credit nor the taxing power of the State of North Carolina or any Member Jurisdiction is pledged for the payment of the principal of, premium, if any, or interest on the 2022 Bonds, and no holder of the 2022 Bonds has the right to compel the exercise of the taxing power by the State of North Carolina or the Member Jurisdictions or the forfeiture of any of its property in connection with any default thereon.

**Section 5.** The form and content of the General Indenture and the Series Indenture, in either the form related to the Public Offering or the form related to the Direct Bank Loan, as applicable, including the exhibits thereto, are hereby in all respects approved and confirmed. The Chairman of the Board of Directors, the Executive Director and the Finance Director, including anyone serving as such in an interim capacity, or their respective designees (collectively, the “*Authorized Officers*”) are hereby authorized, empowered and directed to execute and deliver the General Indenture, and the Series Indenture, for and on behalf of the Authority, including necessary counterparts, in substantially the form and content presented to the Authority, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board of Director’s approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the General Indenture and the Series Indenture, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and

to execute all such documents as may be necessary to carry out and comply with the provisions of the General Indenture and the Series Indenture as executed. The Trustee is hereby appointed as Registrar and Paying Agent under the applicable Series Indenture.

**Section 6.** If the Authority selects a Public Offering, the 2022 Bonds shall be sold to the Underwriters pursuant to the terms of the Purchase Agreement. The form and content of the Purchase Agreement are in all respects approved and confirmed, and the Authorized Officers are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Purchase Agreement for and on behalf of the Authority, including necessary counterparts, in substantially the form and content presented to the Authority, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Authority's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Purchase Agreement, the Authorized Officers are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Agreement as executed.

**Section 7.** The form and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and the final Official Statement (the "*Official Statement*") by the Underwriters in connection with the Public Offering, if applicable, and the sale of the 2022 Bonds is hereby in all respects authorized, approved and confirmed.

**Section 8.** If the Authority selects a Direct Bank Loan, the 2022 Bonds shall be sold to the Lender or Lenders pursuant at such price as the LGC determines to be in the best interest of the Authority and as provided in the Authority's application and at an interest rate not exceeding 6.00% per annum. The Board of Directors approves the sale of the 2022 Bonds to the Lender or Lenders on the terms provided in the term sheet provided by the Lender or Lenders and as provided in the Series Indenture for a Direct Bank Loan. The Authorized Officers, are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to consummate the issuance of the 2022 Bonds by a Direct Bank Loan.

**Section 9.** In the case of either a Public Offering or a Direct Bank Loan, the Executive Director or the Finance Director is hereby authorized to execute a tax certificate to comply with Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

**Section 10.** If any one or more of the covenants, agreements or provisions contained in this Bond Order is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or is for any reason whatsoever held invalid, then such covenants, agreements or provisions will be null and void and will be deemed separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions of this Bond Order or of the 2022 Bonds authorized hereunder.

**Section 11.** No stipulation, obligation or agreement contained in this Bond Order or contained in the 2022 Bonds, the General Indenture, the Series Indenture, the Purchase Agreement or any other instrument related to the issuance of the 2022 Bonds are a stipulation, obligation or agreement of any officer, agent or employee of the Authority in his or her individual capacity, and no such officer, agent or employee is personally liable on the 2022 Bonds or subject to personal liability or accountability by reason of the issuance thereof.

**Section 12.** The Authorized Officers are hereby authorized, empowered and directed to do any and all other acts and to execute any and all other documents which they, in their discretion, deem necessary and appropriate to consummate the transactions contemplated by this Bond Order, the General Indenture, the Series Indenture or the Purchase Agreement; except that none of the above is hereby authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Bond Order, (b) the specific provisions of the General Indenture or the Series Indenture, (c) any agreement to which the Authority is bound, (d) any rule or regulation of the Authority or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State.

**Section 13.** The Authorized Officers are hereby authorized, empowered and directed to prepare and furnish, when the 2022 Bonds are issued, certified copies of all the proceedings and records of the Board of Directors relating to the 2022 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the 2022 Bonds as such facts appear on the books and

records in such party's custody and control or as otherwise known to them; and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, constitute representations of the Authority as to the truth of all statements contained therein.

**Section 14.** All acts and doings of the Authorized Officers that are in conformity with the purposes and intent of this Bond Order and in the furtherance of the issuance of the 2022 Bonds and the execution, delivery and performance of the General Indenture and the Series Indenture are hereby in all respects approved and confirmed. Any provision in this Bond Order that authorizes more than one Authorized Officer to take certain actions will apply to the respective designees of the Authorized Officers, including any person serving in an interim capacity, and will be read to permit such persons to take the authorized actions either individually or collectively.

**Section 15.** All resolutions or parts thereof of the Board of Directors in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**Section 16.** This Bond Order will take effect immediately on its adoption and, pursuant to Section 159-88 of the General Statutes of North Carolina, as amended, need not be published or subjected to any procedural requirements governing the adoption of ordinances or resolutions by the Board of Directors other than the procedures set out in the Act.

STATE OF NORTH CAROLINA )  
 )  
 ) ss:  
WATER AND SEWER AUTHORITY OF CABARRUS COUNTY )

I, *Tammy Garifo*, Secretary to the Board of Directors of the Water and Sewer Authority of Cabarrus County, hereby certify that the foregoing order entitled "**BOND ORDER AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$100,000,000 WATER AND SEWER AUTHORITY OF CABARRUS COUNTY ENTERPRISE SYSTEMS REVENUE BONDS, SERIES 2022A; AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH 2022 BONDS; PROVIDING FOR THE SALE OF THE 2022 BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE 2022 BONDS**" was adopted by the Board of Directors of the Water and Sewer Authority of Cabarrus County, at a meeting held on the 21st day of April, 2022.

**WITNESS** my hand and the corporate seal of the Water and Sewer Authority of Cabarrus County, this the \_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Tammy Garifo  
Secretary to the Board  
Water and Sewer Authority of Cabarrus County

Request for Approval of the Limited Interim GMP #3 for the RRRWWTP Expansion Project

Mr. VonCannon spoke to the Board about the limited interim Guaranteed Maximum Price (GMP) #3 for the completion of the Phase 3 RRRWWTP expansion project from Crowder Construction. He said WSACC was currently reviewing the draft of the GMP #3 and finalizing discussion with Charlotte Water regarding the cost sharing of the RRRWWTP Phase 3 expansion.

Mr. VonCannon said WSACC intends to present the final GMP #3 with the total amount along with the Bond issuance and negotiations with Charlotte Water to the Board for approval at WSACC's May 19, 2022 Board meeting.

Mr. VonCannon then asked for approval of the limited interim GMP #3 for Phase 3 of the RRRWWTP expansion project for an amount of \$13,538,261. He noted that the amount requested would be part of the GMP #3 total cost. This would enable Crowder Construction to issue purchase orders for the supplies needed for the project.

A copy of the limited interim GMP #3 was provided in the agenda packet.

**Mr. Marshall made a motion to approve the limited interim GMP #3 for the RRRWWTP Expansion project. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.**

Request for Approval of an Increase in the CPO for the RRRWWTP Expansion CPO Budget in the Amount of \$13,538,261

**Mr. Hinnant made a motion to approve an increase in the CPO for the RRRWWTP Expansion CPO budget in the amount of \$13,538,261. Mr. Marshall seconded the motion and the Board approved by unanimous vote.**

The Amendment was approved as follows:

**AN ORDINANCE TO AMEND A CAPITAL PROJECT FUND ORDINANCE**

WHEREAS, the Board of Directors of the Water and Sewer Authority of Cabarrus County, North Carolina (WSACC) did on the 18th day of March, 2021, adopt the **RRRWWTP Expansion Design and Construction Project Ordinance**; and

WHEREAS, the Board of Directors of WSACC has determined that it is appropriate to amend the Capital Project Ordinance for the reasons stated below; and

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Water and Sewer Authority of Cabarrus County, that in accordance with the authority contained in G.S. 159-13.2, the ordinance is amended as shown and that the total amounts are herewith appropriated for the purposes shown.

**Water and Sewer Authority Capital Project Fund**

<b>Account</b>	<b>Account Title</b>	<b>Amount</b>	<b>From</b>	<b>To</b>
6038021-4965	Transfer From SDF Fund	\$ 0	\$ 8,412,000	\$ 8,412,000
6038021-4810	Contrib. Charlotte Water	\$ 0	\$ 5,174,000	\$ 5,174,000
6038021-4910	Revenue Bonds	\$13,538,261	\$12,242,292	\$25,780,553
6048021-5198	Engineering	\$ 0	\$ 1,000,000	\$ 1,000,000
6048021-6565	Capital Outlay-Other	\$ 0	\$ 122,529	\$ 122,529
6048021-6560	Capital Outlay-Plant	\$13,538,261	\$ 24,455,763	\$37,994,024
6048021-8726	Issuance Costs	\$	\$ 250,000	\$ 250,000

REASON:

To budget the future receipt of revenue bond funds to purchase ductile iron pipe, additional electrical gear and start aeration basin excavation. Project total \$39,366,553.

Adopted this 21st day of April, 2022.

WATER AND SEWER AUTHORITY OF  
CABARRUS COUNTY, NORTH CAROLINA

\_\_\_\_\_  
Michael B. Legg, Chairman

ATTEST:

\_\_\_\_\_  
Tammy M. Garifo, Secretary  
(Seal)



Request for Approval of the Award of Engineering Study from WithersRavenel for the Lake Don T. Howell Dredging/Intake

Mr. Hahn presented an engineering study from WithersRavenel for dredging at Lake Don T. Howell (Coddle Creek Reservoir). He explained that Lake Howell includes two raw water intakes, one near the dam along Highway 73 and another near Highway 3. The City of Concord owns and operates the raw water intake near Highway 73 and the City of Kannapolis owns and operates the raw water intake near Highway 3.

Mr. Hahn said the City of Kannapolis expressed some concerns regarding the impacts from silt and water quality around the intake area. He said the engineering study would include options such as dredging to remove the sediment and intake structure modifications that could help to increase reliability of the intake.

Mr. Hahn said completing the study would help determine to move forward with dredging operations in the intake area or determine if modifications to the existing intake structure would be most efficient over time.

The Board reviewed the contents of the engineering study and discussed the options to get the most efficiency from the intake.

**Mr. Marshall made a motion to approve the Award of the Engineering Study from WithersRavenel for the Lake Don T. Howell Dredging/Intake. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.**

Johnston, Allison & Hord, P.A. Report on Meeting with Town of Midland Manager

Mr. Isenhour reviewed the discussion from WSACC's March 17, 2022 Board meeting regarding the Town of Midland's (Midland) request to be added as a member jurisdiction of WSACC and Midland's request to have a non-voting ex-officio member placed on WSACC's Board once Midland acquires the water and sewer system from the City of Concord (Concord).

At WSACC's March 17, 2022 meeting, the Board asked Mr. Isenhour and Mr. Wilson to meet with Mr. Doug Paris, Town Manager of Midland to discuss the status of Midland acquiring Concord's water and sewer system, and to discuss the extensive process for WSACC to add Midland to WSACC's Board.

Mr. Isenhour and Mr. Wilson met with Mr. Paris on April 12, 2022. The discussion topics were Midland and Concord's ongoing conversations regarding Midland acquiring Concord's water and sewer system. Midland has been in touch with the Local Government Commission (LGC) given that the acquisition of Concord's water and sewer system would be funded in part by debt.

Midland proposed to contact their lobbyist in Raleigh to pursue an earmark from the legislature for the construction of the Muddy Creek Wastewater Treatment Plant (MCWWTP) expansion to 1.0 million gallons per day (MGD) while WSACC works through the proposal. Mr. Isenhour said it would be up to Midland to pursue the earmark. WSACC was not pushing the earmark, but WSACC would support Midland's decision if they pursued it to fund the

MCWWTP expansion. Mr. Isenhour said this would be consistent with WSACC's Acceleration of Interceptor Projects Policy.

The next topic of discussion was the extensive process for WSACC to add Midland to WSACC's Board. Midland proposed to have a local act option to avoid the extensive process of adding Midland to WSACC's Board. Midland would need to draft the local act, then present it to WSACC's Board for consideration.

The next topic was representation on WSACC's Board in the interim. Under WSACC's current bylaws WSACC cannot have an ex officio non-voting member on the board without amending WSACC's bylaws. There was some discussion about the existing representation on WSACC's Board and what it would look like if a seat was earmarked for Midland in the future. Mr. Isenhour said WSACC does not appoint their board members. The Board members are appointed by their City Councils or County Commissioners from the jurisdiction they represent.

Next Mr. Wilson said Midland would like to have an official liaison to attend WSACC's Board meetings. Midland would have a designated representative to communicate with WSACC and report back to Midland. The person designated would not participate in WSACC's closed session meetings unless they were invited to.

The Board had a brief discussion on some of the topics that were discussed at the April 12, 2022 meeting. The Board then agreed that Midland should select a liaison to attend WSACC's Board meetings and let WSACC know who that liaison would be.

## **REPORTS**

### **RRRWWTP Expansion Update**

Mr. VonCannon provided a presentation on the latest updates from Crowder Construction for the RRRWWTP Expansion.

Crowder Construction has completed the set up of the mobile office trailers at the RRRWWTP. Two construction crews from Crowder Construction are onsite installing electrical duct bank. Construction materials continue to arrive onsite. Utility locates are being performed regularly in front of the duct bank installations. Crowder Construction is effectively communicating with WSACC staff.

Mr. VonCannon said throughout the next month, Crowder Construction expects to continue duct bank rebar tying and continue utility locates to prepare for duct bank installation. Crowder Construction will begin the work on pads for pad mounted electrical equipment; and Crowder Construction plans to begin the excavation for the new aeration basin within the next month.

## **PUBLIC COMMENTS**

There were no public comments.

## **CLOSED SESSION**

**At 6:21 P.M., Mr. Hinnant made a motion to go into closed session - G.S.143-318.11 (a)(3) - to consult with WSACC's attorney in order to preserve the attorney-client privilege for consideration of and to give instructions to WSACC's attorney concerning the handling or settlement of a claim, judicial action or administrative procedure; and G.S.143-318.11(a)(6) – to consider the qualifications, competence, performance, character, fitness, conditions or appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.**

**At 6:58 P.M. Mr. Donham made a motion to come out of closed session. Mr. Marshall seconded the motion and the Board approved by unanimous vote.**

**Mr. Hinnant then made a motion to adjourn. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.**

The meeting was adjourned until the next meeting scheduled for May 19, 2022.