

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY

December 21, 2023

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, December 21, 2023 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. Darrell Hinnant

Ms. Jennifer Parsley-Hubbard

Mr. Mike Legg

Mr. Jonathan Marshall

Mr. Robert Ritchie

Mr. Jim Sells

Mr. Lynn Shue

Mr. Corley and Mr. Donham were unable to attend due to a prior commitment.

Also present were Mr. Michael Wilson, Executive Director (via video conference); Ms. Robin Moore, Deputy Executive Director Administration; Mr. Chad VonCannon, Engineering Director; Ms. Wendi Heglar, Finance Director; Mr. Thomas Hahn, Assistant Engineering Director; Mr. Mark Fowler, Facilities Director; Mr. Thomas Jakubisin, IT Manager; Ms. Shannon Kincaid, Executive Secretary/Secretary to the Board; Ms. Tammy Garifo, Executive Secretary/Secretary to the Board; Mr. John Kapelar, Potter & Company, P.A. (via video conference); Mr. William Isenhour, Johnston, Allison & Hord, P.A. (“JAH”).

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

SPECIAL RECOGNITION

Recognition of Retirement of Tammy Garifo

Ms. Moore recognized the retirement of Ms. Garifo, which will be effective December 31, 2023. Ms. Moore thanked Ms. Garifo for her 30 years of service at WSACC.

Recognition of Resignation of Jim Sells

Chairman Legg recognized Mr. Sells for his service as a representative for the Town of Mount Pleasant on WSACC’s Board, which will end on January 1, 2024.

Chairman Legg announced that Randy Holloway, Town Manager for the Town of Mount Pleasant, has been appointed to carry out the remainder of Mr. Sells’ term.

UNFINISHED BUSINESS

Request for Approval of the Minutes of November 16, 2023

Mr. Hinnant made a motion to approve the minutes of November 16, 2023. Mr. Marshall seconded the motion and the Board approved by unanimous vote.

NEW BUSINESS

Presentation of Fiscal Year 2022-2023 Independent Auditor's Report and Annual Comprehensive Financial Report "ACFR"

Ms. Heglar, together with Mr. Kapelar of Potter & Company, P.A., provided a Power Point presentation of the Independent Auditor's Report and the ACFR.

Highlights from the presentation were:

- Update on Audit highlights of WSACC's Financial Statements
- Update on WSACC's Net Position
- Update on WSACC's Total Operating Revenues and Expenses
- Update on WSACC's System Development Fees
- Update on Financial Performance Indicators

For a copy of the presentation, contact the Executive Secretary to the Board.

Following the presentation, Ms. Heglar requested approval of the Fiscal Year 2022-2023 Independent Auditors Report and ACFR.

Mr. Ritchie made a motion to approve the Fiscal Year 2022-2023 Independent Auditor's Report and ACFR. Mr. Shue seconded the motion and the Board approved by unanimous vote.

Resolution to the Board of Directors Directing the Local Government Commission "LGC" Application

Ms. Heglar requested approval of the Resolution to the Board of Directors Directing the LGC Application.

Mr. Shue made a motion to approve the Resolution to the Board of Directors Directing the LGC Application. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

The Resolution was approved as follows:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER AND SEWER AUTHORITY OF CABARRUS COUNTY, DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF ENTERPRISE SYSTEMS REVENUE BONDS AND CERTAIN RELATED MATTERS.

WHEREAS, the Board of Directors (the "*Board of Directors*") of the Water and Sewer Authority of Cabarrus County (the "*Authority*") hereby determines that it is desirable to finance certain improvements to its water and sewer systems (the "*Enterprise Systems*");

WHEREAS, the existing Enterprise Systems currently provide water and sewer system services to the constituent members of the Authority, which includes: the City of Concord,

North Carolina, the City of Kannapolis, North Carolina, the Town of Harrisburg, North Carolina, the Town of Mt. Pleasant, North Carolina, and the County of Cabarrus, North Carolina (the “*Member Jurisdictions*”) and certain residents, and businesses located within the Member Jurisdictions and the surrounding areas;

WHEREAS, the Board of Directors is considering the issuance of not to exceed \$100,000,000 Enterprise Systems Revenue Bonds, Series 2024 (the “*2024 Bonds*”) to (1) 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 and to certain residents, and businesses located within the Member Jurisdictions and surrounding areas (the “*Projects*”) and (b) pay the costs of issuing the 2024 Bonds;

WHEREAS, the Board of Directors wants to retain (A) Parker Poe Adams & Bernstein LLP, as bond counsel for the 2024 Bonds; (B) Johnston, Allison & Hord, P.A. as counsel for the Authority (C) Davenport & Company LLC, as financial advisor for the 2024 Bonds, (D) Robert W. Baird & Co. Incorporated and PNC Capital Markets, as underwriters of the 2024 Bonds (the “*Underwriters*”), (E) U.S. Bank Trust Company, National Association, as trustee for the 2024 Bonds, and (F) Stantec Inc., as feasibility consultant (collectively, the “*Financing Team*”); and

WHEREAS, the Board of Directors wants the Authority’s Executive Director or Finance Director to file with the Local Government Commission of North Carolina (the “*Commission*”) an application for its approval of the 2024 Bonds, on a form prescribed by the Commission, and (1) request in such application that the Commission approve (A) the negotiation of the sale of the 2024 Bonds to the Underwriters, (B) the Authority’s use of the Financing Team in connection with the issuance of the 2024 Bonds; and (2) state in such application such facts and to attach thereto such exhibits in regard to the 2024 Bonds and to the Authority and its financial condition, as may be required by the Commission, and to take all other action necessary to the issuance of the 2024 Bonds.

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE WATER AND SEWER AUTHORITY OF CABARRUS COUNTY DOES RESOLVE AS FOLLOWS:

Section 1. That the 2024 Bonds are to be issued by the Authority for the purpose of providing funds (1) to finance the Projects and (2) to pay the costs of issuing the 2024 Bonds, all as shall be set out fully in the documents attached to the Authority’s application to the Commission. The use of the proceeds of the 2024 Bonds, as described, is necessary to meet the needs of the users of the Enterprise Systems and to assure that the Enterprise Systems remain in full compliance with all state and federal requirements for the provision of water and sewer services.

Section 2. That the Financing Team is hereby approved and confirmed in connection with the issuance by the Authority of the 2024 Bonds, and the Executive Director and the Finance Director, in consultation with the Commission, are each hereby authorized to retain other co-managing underwriters for the 2024 Bonds and other persons or organizations as may be necessary and appropriate to carry out the intention of this Resolution.

Section 3. That the Executive Director or the Finance Director, or their respective designees, with advice from the Authority’s counsel, financial advisor and bond counsel, are each hereby authorized, directed and designated to file an application with the North Carolina Local Government Commission for its approval of the issuance of the 2024 Bonds.

Section 4. That the Board of Directors finds and determines and asks the Commission to find and determine from the Authority’s application and supporting documentation:

- (a) that the issuance of the 2024 Bonds is necessary or expedient;

- (b) that the not to exceed stated principal amount of the 2024 Bonds will be sufficient but is not excessive, when added to other moneys available to the Enterprise Systems, to finance the Projects;
- (c) that the Enterprise Systems as now constituted, and as it will be constituted after the completion of the Projects, is feasible;
- (d) that the Authority’s debt management procedure and policies are good; and
- (e) that the 2024 Bonds can be marketed at a reasonable interest cost to the Authority.

Section 5. That the Board of Directors requests that the Commission sell the 2024 Bonds through negotiation to the Underwriters on such terms as may be agreed on but at a true interest cost not exceeding 5.50%.

Section 6. That the Chairman of the Board of Directors, the Executive Director and the Finance Director, and their respective designees, individually and collectively, are each hereby authorized to do any and all other things necessary to complete the steps necessary for the authorization of the 2024 Bonds.

Section 7. That this Resolution is effective on the date of its adoption.

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

I, *Shannon Kincaid*, Secretary to the Board of Directors of the Water and Sewer Authority of Cabarrus County, hereby certify that the foregoing resolution entitled “**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER AND SEWER AUTHORITY OF CABARRUS COUNTY, DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF ENTERPRISE SYSTEMS REVENUE BONDS AND CERTAIN RELATED MATTERS**” 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 December, 2023.

WITNESS my hand and the corporate seal of the Water and Sewer Authority of Cabarrus County, this the 21 day of December, 2023.



Shannon Kincaid
 Shannon Kincaid
 Secretary to the Board
 Water and Sewer Authority of Cabarrus County

Request to Approve Shannon Kincaid as Secretary to the Board of Directors

Mr. Isenhour, JAH, requested approval to name Shannon Kincaid as the Secretary to the Board of Directors.

Mr. Hinnant made a motion to approve Shannon Kincaid as the Secretary to the Board of Directors. Mr. Shue seconded the motion and the Board approved by unanimous vote.

REPORTS

WSACC RRRWWTP Expansion Update

Mr. Hahn provided an update on WSACC's RRRWWTP Expansion. He stated that construction work for the Phase 3 expansion of the RRRWWTP has continued. Mr. Hahn provided a Power Point presentation that showed updates of the work to date.

Highlights from the presentation were:

- Overall update on various states of construction of the Expansion project
- Update on the Nitrification Enhancement Facility / Equalization Basin Construction
- Update on the Aeration Basin 6
- Update on the Blower Building Construction
- Update on Flume 103
- Update on the Gravity Thickeners
- Update on the work planned for the next month

For a copy of the presentation, contact the Executive Secretary to the Board.

WSACC Master Plan Update

Mr. Hahn provided an update on WSACC's Master Plan. He stated that work on the Master Plan has continued. Mr. Hahn provided a Power Point presentation outlining the progress of the work to date.

Highlights from the presentation were:

- Update on Existing System Analysis
- Update on Future Growth Planning
- Update on RRRWWTP NPDES Permitting
- Update on Water Resources Analysis
- Update on System Capacity Assessments
- Update on Master Plan Development and Documentation

For a copy of the presentation, contact the Executive Secretary to the Board.

WSACC Communications Update

Ms. Moore provided an update on WSACC's communication efforts. She stated that Brian Francis and his group are working to get WSACC's message out to the public via the monthly newsletter, media coverage, and community engagement.

Mr. VonCannon provided an update on the December 20, 2023 tour of the RRRWWTP with Concord City Council members. He stated that members of the tour were engaged and overall, the tour went well.

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

At 5:54 P.M., Ms. Hubbard made a motion to go in to closed session - G.S.143-318.11(a)(1) - to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes.; G.S.143-318.11(a)(4) – to discuss matters relating to the location or expansion of industries or other businesses in the area served by the local body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations. Mr. Hinnant seconded the motion and the Board approved by unanimous vote.

At 6:10 P.M., Mr. Hinnant made a motion to come out of closed session. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.

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

The Board meeting adjourned until the next Board meeting scheduled for January 18, 2024.