

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY

January 18, 2024

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, January 18, 2024 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. Jeff Corley	Mr. Mike Legg
Mr. Randy Holloway	Mr. Jonathan Marshall
Mr. Darrell Hinnant	Mr. Robert Ritchie
Ms. Jennifer Parsley-Hubbard	Mr. Lynn Shue

Mr. Donham was unable to attend due to a prior commitment.

Also present were Mr. Michael Wilson, Executive Director; 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. Mayara Arnold, Utility System Engineer; Ms. Mary Knosby, HDR; Mr. William Isenhour, Johnston, Allison & Hord, P.A. (“JAH”).

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

OATH OF OFFICE

Oath of Office – Randy Holloway

Ms. Kincaid administered the Oath of Office to Mr. Holloway, Town of Mount Pleasant, to carry out Mr. Sells’ unexpired term on WSACC’s Board of Directors.

UNFINISHED BUSINESS

Request for Approval of the Minutes of December 21, 2023

Mr. Ritchie made a motion to approve the minutes of December 21, 2023. Mr. Shue seconded the motion and the Board approved by unanimous vote.

NEW BUSINESS

Bond Order and Financial Impact of Revenue Bonds Update

Ms. Heglar provided a Power Point presentation on the Bond Order and the Financial Impact of Revenue Bonds.

Highlights from the presentation were:

- Variables used for Financial Calculations
- Impacts of Fiscal Year 2025 and 2026
- Fiscal Year 2027 and Thereafter
- Revenue Bond Debt

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

Following the presentation, Ms. Heglar requested approval of the proposed Bond Order.

Mr. Marshall made a motion to approve the Bond Order. Mr. Ritchie 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 2024; AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH 2024 BONDS; PROVIDING FOR THE SALE OF THE 2024 BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE 2024 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 2024 (the “*2024 Bonds*”) 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 2024 Bonds;

WHEREAS, the Authority will issue the 2024 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 2 dated as of February 1, 2024 (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 (the “*Board of Directors*”) adopted an initial resolution on December 21, 2023, (a) requesting the LGC to sell the 2024 Bonds through negotiation to Robert W. Baird & Co. Incorporated and PNC Capital Markets LLC, as underwriters (the “*Underwriters*”) of the 2024 Bonds 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 2024 Bonds;

WHEREAS, the Authority and the LGC have arranged for the sale of the 2024 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 2024 Bonds to the Underwriters in accordance with the terms and conditions set forth therein; and

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

- (1) the General Indenture;
- (2) the Series Indenture;
- (3) the Purchase Agreement; and
- (4) a Preliminary Official Statement (the “*Preliminary Official Statement*”) with respect to the 2024 Bonds.

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

Section 1. The 2024 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 2024 Bonds. The use of the proceeds of the 2024 Bonds, as described, is necessary to meet the demands of the users of the Authority’s water and sewer systems.

Section 2. The aggregate principal amount of the 2024 Bonds authorized by this order will not exceed \$100,000,000. The 2024 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 3. The Authority’s issuance of the 2024 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 with respect to the 2024 Bonds are hereby approved and confirmed and are incorporated herein by reference. The proceeds from the sale of the 2024 Bonds will be deposited in accordance with the Series Indenture.

The principal of, premium, if any, and interest on the 2024 Bonds will not be payable from the general funds of the Authority, nor will the 2024 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 2024 Bonds, and no holder of the 2024 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 4. The form and content of the General Indenture and the Series Indenture, 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 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 Series Indenture.

Section 5. The 2024 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 6. 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 sale of the 2024 Bonds is hereby in all respects authorized, approved and confirmed.

Section 7. 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 8. 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 2024 Bonds authorized hereunder.

Section 9. No stipulation, obligation or agreement contained in this Bond Order or contained in the 2024 Bonds, the General Indenture, the Series Indenture, the Purchase Agreement or any other instrument related to the issuance of the 2024 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 2024 Bonds or subject to personal liability or accountability by reason of the issuance thereof.

Section 10. 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 11. The Authorized Officers are hereby authorized, empowered and directed to prepare and furnish, when the 2024 Bonds are issued, certified copies of all the proceedings and records of the Board of Directors relating to the 2024 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the 2024 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 12. 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 2024 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 13. 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 14. 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)
)
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 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 2024; AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH 2024 BONDS; PROVIDING FOR THE SALE OF THE 2024 BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE 2024 BONDS**” was adopted by the Board of Directors of the Water and Sewer Authority of Cabarrus County, at a meeting held on the 18th day of January, 2024.

WITNESS my hand and the corporate seal of the Water and Sewer Authority of Cabarrus County, this the 18th day of January 2024.



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

Asset Transfer - Adams Creek Phase 1 Easements to the Town of Mt. Pleasant

Mr. Wilson requested approval to transfer the Adams Creek Phase 1 Easements, and to authorize the Executive Director to effectuate all documents necessary to transfer the Adams Creek Phase 1 Easements to the Town of Mount Pleasant.

Mr. Ritchie made a motion to approve the Asset Transfer of the Adams Creek Phase 1 Easements and authorize the Executive Director to effectuate all documents necessary to transfer said easements to the Town of Mount Pleasant. Mr. Hinnant seconded the motion and the Board approved by unanimous vote.

Inflow and Infiltration Study

Mr. Hahn requested approval of the Award of Engineering Study to HDR.

Mr. Corley made a motion to approve the Award of the Engineering Study to HDR. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

Approve Capital Project Ordinance (CPO) for the Inflow and Infiltration Study and Rehabilitation

Mr. Wilson requested approval of the proposed CPO for the Inflow and Infiltration Study and Rehabilitation. He stated the amount of \$1,104,573 was the remaining unused portion from the Lower Back Creek Interceptor Rehab project, and that \$526,600 would be used for the Engineering Study, with the remainder being used to address items as they are identified or to expand the study.

Mr. Hinnant made a motion to approve the CPO for the Inflow and Infiltration Study and Rehabilitation. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

The CPO for the Inflow and Infiltration Study and Rehabilitation was approved as follows:

AN ORDINANCE TO ADD A CAPITAL PROJECT FUND FOR THE LOWER BACK CREEK INTERCEPTOR REHABILITATION

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 **Inflow and Infiltration Study and Rehabilitation**.

WHEREAS, the engineering, design, and construction of the **Inflow and Infiltration Study and Rehabilitation** is required to continue 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 **Inflow and Infiltration Study and Rehabilitation** 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, and construction of the **Inflow and Infiltration Study and Rehabilitation**.
2. The following revenues are anticipated to be available to WSACC:

Transfer out Lower Back Creek Interceptor Rehab	\$ (1,104,573)
Transfer in Inflow and Infiltration Study and Rehab	\$ 1,104,573

3. The following amounts are appropriated expenses for the project:

Reduce Lower Back Creek Interceptor Rehab	\$(1,104,573)
Increase Inflow and Infiltration Study and Rehab	\$ 1,104,573
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 18th day of January, 2024.



ATTEST: Shannon Kincaid
Shannon Kincaid, Secretary
(Seal)

WATER AND SEWER AUTHORITY OF
CABARRUS COUNTY, NORTH CAROLINA

Mike Legg
Mike Legg, Chairman

Inflow & Infiltration Study and Rehab.doc

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:

- Expansion project status update
- Update on the Nitrification Enhancement Facility / Equalization Basin Construction
- Update on the Aeration Basin 6
- Update on the Blower Building
- Update on the Gravity Thickeners
- Update on Box #8
- Update on Flume 103
- 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 WSACC has had discussions with each member jurisdiction and stakeholder organization on Black and Veatch ("B&V") flow projections. Mr. Hahn went on to say that B&V found some updates in the assumptions they wanted to make, and he believed they received buy-in on the new assumptions.

Mr. Hahn announced that WSACC will have a summary meeting with B&V on February 7, 2024, stating that staff from all member jurisdictions have been invited to attend. B&V will be presenting the overall Master Plan, go over each task in depth, and will demonstrate the interactive dashboards.

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

At 5:38 P.M., Ms. Hubbard made a motion to go into 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 and 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. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

At 6:16 P.M. Ms. Hubbard made a motion to come out of closed session. Mr. Corley seconded the motion and the Board approved by unanimous vote.

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

The Board meeting adjourned until the next Board meeting scheduled for February 15, 2024.