

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

March 8, 2021

Chairman Leonard called to order the Authority meeting scheduled on March 8, 2021 at 9:00 a.m. and welcomed everyone present. The meeting was held at the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina. Director Milliken gave the invocation.

Roll Call by Chairman Leonard:

Present: Norwood Blanchard, Wayne Edge, Al Leonard, Harry Knight, William Milliken, Jackie Newton, Charlie Rivenbark, William Sue, Frank Williams, and Rob Zapple

Present by Internet or Telephone: Patrick DeVane, Phil Norris, Bill Saffo

Absent: Chris Smith

Staff: Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Tony Boahn P.E., McKim & Creed, and Allison Covington, Financial Administration Assistant

Guests Present: William C. Rivenbark, Matt Hourihan, John Malone, John Nichols, Glenn Walker, Elizabeth Meyer, Anthony Colon, and, Heidi Cox.

PLEDGE OF ALLEGIANCE: Chairman Leonard led the Pledge of Allegiance.

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting February 8th, 2021

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Reports

Motion: Director Rivenbark MOVED; seconded by Director Blanchard, approval of the Consent Agenda Items as presented. Upon roll call vote, the **MOTION CARRIED.**

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Al Milliken	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith				X
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	13	0	0	1

PRESENTATION:

William C. Rivenbark, Professor at UNC School of Government spoke on key points of Financial Management as it pertains to the Lower Cape Fear Water and Sewer Authority. He stated that local governments and public authorities are required by law to adopt a balanced budget ordinance, where the sum of estimated net revenues plus appropriated fund balance equals appropriations. The budget should be submitted to the governing board no later than June 1. The budget must be adopted by July 1. North Carolina government entities must follow the Balanced Budget Formula, which states: Estimated Revenues + Appropriated Fund Balance = Appropriations.

Mr. Rivenbark stated that under certain conditions, it is ok to dip into your savings account and appropriate some of our cash reserves. If you have a good fund balance and policy in place, and you are carrying good cash reserves, there is nothing wrong with utilizing cash reserves. He cautioned to be mindful that there is a threshold for your cash reserves. At 8%, the Local Government Commission (LGC) estimates the Authority has enough cash reserves to sustain 2 months of operations. When you drop below 8%, you will receive a letter from LGC that will tell you to increase your cash reserves.

Fund Balance is very significant. It is essential for working capital, emergencies, as a source of capital financing, bond rating, and balancing the budget. Mr. Rivenbark recommended that the Authority adopt by resolution a fund balance policy.

Mr. Rivenbark also noted that the Authority doesn't currently have a strategic long-term plan. He did acknowledge that there is a lot of planning as it pertains to the Capital Investment Program. Long-term planning should state the vision, mission, and overarching goals of the respective organization and community. Mr. Rivenbark believes it is a very healthy conversation to have as a board to discuss where you would like to see the Authority be in the next 5 plus years. He recommends setting no more than 4 goals to focus on over the next 5 years. Once those goals are set, the annual operating and capital budgets are used to find service and infrastructure strategies to make progress toward selected goals.

Mr. Rivenbark acknowledged that the Authority has Capital Budgeting & Finance in place. Local governments and public authorities often use a separate process, known as capital budgeting, for acquiring major capital assets. When the capital budget includes a multi-year forecast of capital needs, it becomes a Capital Improvement Program. There are 2 parts to the Capital Improvement Program. The first year is considered the Capital Budget, and that's what you adopt by law. The planning years is the actually Capital Improvement Program. When it comes to financing, there are 2 options. The first option is Pay-as-you-go financing. This may include current year revenues, fund balance, capital reserve fund, or grants. The other option is to use debt financing. This would include general obligation bonds, revenue bonds, special obligation bonds, project development financing, or installment financing.

NEW BUSINESS

NB1- Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2021 to Thompson, Price, Scott, Adams, & Co. in the amount of \$8,000.

Executive Director Holloman stated that there have been no significant changes, and requested the Board's approval. Director William inquired how long the Authority had been using Thompson, Price, Scott, Adams, & Company. Executive Director Holloman said 6 years, but stated he would verify. He also stated that typically the same Audit Company was kept for 5 years, and wanted to retain our current auditors for another 3 years, as he has only worked with them for 2 years. Director Williams recommended that we have a different representative to handle the audit this year if we chose to stay with the same company.

Motion: Director Williams MOVED; seconded by Director Milliken, approval of the Annual Audit Contract for Fiscal Year Ending June 30, 2021 to Thompson, Price, Scott, Adams, & Co., with the request of different staff member performing the audit, in the amount of \$8,000. Upon roll call vote, the **MOTION CARRIED.**

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			

Jackie Newton	X			
Phil Norris	X			
Al Milliken	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith				X
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	13	0	0	1

NB2- Change of Regular Meeting Date.

The AWWA Conference is scheduled for the same day as our regularly scheduled June 14th. Executive Director Holloman recommended changing the meeting date to June 7th or June 21st. Director Blanchard recommended June 7th.

Motion: Director Blanchard MOVED; seconded by Director Sue, approval of the Regular Board Meeting for June 2021 is changed to June 7, 2021. Upon roll call vote, the **MOTION CARRIED.**

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Al Milliken	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith				X
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	13	0	0	1

ENGINEER’S COMMENTS

Tony Boahn reported that the 54-Inch Parallel Raw Water Main project was progressing on schedule. The final permit package for the 4th pump was submitted to the NCDEQ-PWS has been approved.

ATTORNEY COMMENTS

Attorney Matt Nichols updated the Board that there have been 3 quotes on moving the mobile home and that we would discuss them in the April meeting. Director Sue asked a specific question that the Attorney was unable to answer unless the Board went into a Closed Session.

EXECUTIVE DIRECTOR REPORT

EDR1 – Comments on Customers’ Water Usage and Raw Water Revenue for Fiscal Year to Date Ending January 31, 2021

Executive Director Holloman reported that during the Month of February 2021, Brunswick and Pender County were slightly below projections, while CFPUA were above projections, We are overall only \$13,448.59 over projections for this time of year.

DIRECTOR’S COMMENTS AND/OR FUTURE AGENDA ITEMS

Executive Director Holloman announced that next month there will be a discussion about Take or Pay policy. There will also be a discussion about allowing the public access to Board meeting again by July 2021. Remote attendance policy options will also be discussed. Executive Director Holloman and Financial Administrative Assistant Allison Covington both completed the Notary Public course and test, and will be sworn in to office. The last payment from FEMA was received for the amount of \$54,000.

PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Director Rivenbark adjourned the meeting at 10:35 a.m.

Respectfully Submitted:

Norwood Blanchard, Secretary