

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes
March 10th, 2025

Chairman DeVane called to order the Authority meeting scheduled on March 10th, 2025, 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 Phillips gave the invocation.

Roll Call by Chairman DeVane:

Present: Norwood Blanchard, Patrick DeVane, Jerry Groves, Harry Knight, Scott Phillips, Chris Smith, Bill Sue, Phil Tripp, Frank Williams, and Rob Zapple

Present by Virtual Attendance: Wayne Edge, Al Leonard, and Bill Saffo

Absent: Charlie Rivenbark

Staff: Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Sam Boswell, COG; Tony Boahn P.E., McKim & Creed; Jess Powell P.E., McKim & Creed; and Danielle Hertzog, Financial Administration Assistant

Guests Present: Benjamin Kearns, Cape Fear Public Utility Authority Water Resources Manager Water Treatment; Devon Moore, Computer Warriors; David Carson, Brunswick County Kings Bluff Water Resource Supervisor; Sam Shumate, Vice President of Electus Governmental Affairs, Inc.

Guests Virtual Attendance: James Proctor, Pender County Deputy Director of Utilities; Erin Jones, Pender County Utilities Water Treatment Plant Superintendent; James Kern, Smithfield Wastewater Supervisor; Heidi Cox, NC DEQ Regional Engineering Supervisor, Division of Water Infrastructure; John Nichols, Brunswick County Public Utilities Director; Kevin Morris, Cape Fear Public Utility Authority Deputy Director; Dodie Bowman Render, President of Electus Governmental Affairs

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

Motion: Director Phillips **MOVED**; seconded by Director Knight, to amend the agenda to add a Resolution delegating Executive Director Holloman to look at health insurance contracting due to the League of Municipality dropping health insurance coverage on June 30, 2025, to add this item as NB2. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

APPROVAL OF CONSENT AGENDA

C1 – Minutes of February 10, 2025, Regular Board Meeting

C2 – Minutes of February 10, 2025, Personnel Committee Report

C3 – Minutes of February 10, 2025, Long Range Planning Committee Report

C4 – Kings Bluff Monthly Operations and Maintenance Report

C5 – Bladen Bluffs Monthly Operations and Maintenance Reports

Motion: Director Blanchard **MOVED**; seconded by Director Williams, approval of the Consent Agenda Items C1-C5. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

NEW BUSINESS

NB1- Appointment of Jerry Groves to the Calendar Year 2025 Long Range Planning Committee by Chairman DeVane and removing Norwood Blanchard

Executive Director Holloman presented the item. The audit contract will have to go out for RFQ next year.

Motion: Director Williams **MOVED**; seconded by Director Blanchard, approval the Appointment of Jerry Groves to the Calendar Year 2025 Long Range Planning Committee by Chairman DeVane and removing Norwood Blanchard. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

NB2- Resolution of the Lower Cape Fear Water and Sewer Authority Board of Directors Delegating Health Insurance Contracting Authority to Executive Director

Motion: Director Williams **MOVED**; seconded by Director Phillips, approval of Resolution of the Lower Cape Fear Water and Sewer Authority Board of Directors Delegating Health Insurance Contracting Authority to Executive Director. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

PRESENTATION: Financial Management Update by William C. Rivenbark, Professor UNC School of Government

A copy of the presentation will be attached with the minutes.

PRESENTATION: Electus Governmental Affairs by Sam Shumate Vice-President of Governmental Affairs

A copy of the presentation will be attached with the minutes.

ENGINEER'S COMMENTS

Jess Powell wanted to let the board know 2600 linear feet (about a half mile) of pipe for the new parallel raw pipeline.

ATTORNEY COMMENTS

No comments.

EXECUTIVE DIRECTOR REPORT

EDR1 – Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending February 28, 2025

Executive Director Holloman reported that during January, CFPWA was above projections.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

No comments.

PUBLIC COMMENT

No comments.

CLOSED SESSION

Chairman DeVane requested a motion to go into a closed session in accordance with N.C.G.S. §143-318.11(a)(3) and (6) to preserve Authority's the Attorney-Client Privilege and for Personnel Matters respectively:

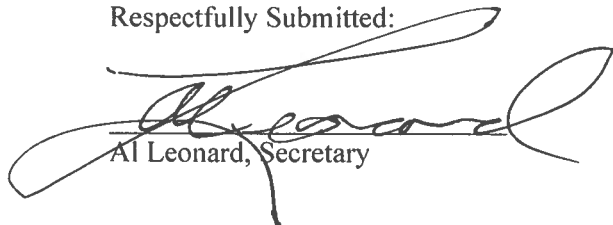
Motion: Director Knight **MOVED**; seconded by Director Blanchard, to go into closed session in accordance with N.C.G.S. §143-318.11(a)(3) and (6) to preserve Authority's Attorney-Client Privilege and for Personnel Matters respectively. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

At 10:23 a.m., the board went into closed session. At 10:46 a.m., the board returned to open session. Discussion only; no action taken.

ADJOURNMENT

There being no further business, Chairman DeVane adjourned the meeting at 10:47 a.m.

Respectfully Submitted:



Al Leonard, Secretary

Financial Management

Lower Cape Fear Water and Sewer Authority
March 2025

William C. Rivenbark
Professor
UNC School of Government



UNC
SCHOOL OF GOVERNMENT

www.sog.unc.edu

Purpose of Presentation

- Discuss the Local Government Budget & Fiscal Control Act, including fund balance
- Provide an overview of the annual financial statements and the annual audit
- Present metrics on analyzing the financial condition of the Lower Cape Fear Water and Sewer Authority

The Local Government Budget & Fiscal Control Act

- State legislation that contains the fiscal requirements in which local officials must follow regarding the multiple aspects of public budgeting and financial management (Chapter 159).

Balanced Budget Ordinance

Estimated Revenues

+

Appropriated Fund Balance

=

Appropriations

Fund Balance

- Reasons for fund balance:
 - Working capital
 - Emergencies
 - Growth opportunities
 - Source of capital financing
 - Bond rating
 - Balancing the budget

Annual Financial Statements

- Local governments and public authorities are required by statute to prepare annual financial statements.
 - Management's discussion & analysis
 - Government-wide financial statements
 - Fund financial statements
 - Note disclosures

Annual Financial Statements

- Local governments and public authorities also are required by statute to follow generally accepted accounting principles (GAAP).

Annual Audit

- Local governments and public authorities are required by state statute to have an annual audit.
- Purpose of an audit is to ensure that financial statements report the **financial position** of a local government in accordance with GAAP.



Annual Audit

- Audits must be conducted by an independent certified public accountant, who is chosen by the governing board.
- Reports are due to the Local Government Commission (LGC) no later than the end of December.



Annual Audit

- Auditor is required to make a presentation to board at a public meeting within 45 days after the audit is completed.
- Auditor's presentation should include review of the management letter, and if applicable, financial performance indicators of concern.
- The unit of government is then expected to develop a response to what the auditor presented, signed by majority of board members, and submitted to the LGC staff within 60 days of presentation.

Metrics for Water and Sewer Fund

June 30, 2020 & 2024

Resource Flow (operating statement)			
Financial Dimension	Financial Indicator	Lower Cape Fear FY 19-20	Lower Cape Fear FY 23-24
Interperiod equity	Total margin ratio	1.1	1.6
Financial performance	Percent change in net position	2.1%	15.2%
Self-sufficiency	Charge to expense ratio	.84	1.3
Financing obligation	Debt service ratio	29%	18.5%

Metrics for Water and Sewer Fund

June 30, 2020 & 2024

Resource Stock (balance sheet)			
Financial Dimension	Financial Indicator	Lower Cape Fear FY 19-20	Lower Cape Fear FY 23-24
Liquidity	Quick ratio	1.3	7.9
Solvency	Net position ratio	.13	.56
Leverage	Debt to assets ratio	.48	.32
Capital	Capital assets condition ratio	.32	.52

Metrics for Water and Sewer Fund

June 30, 2020

Resource Flow (operating statement)					
Financial Dimension	Financial Indicator	Lower Cape Fear FY 19-20	WSACC FY 19-20	PTRWA FY 19-20	Average
Interperiod equity	Total margin ratio	1.1	1.2	1.1	1.15
Financial performance	Percent change in net position	2.1%	2.9%	.8%	1.9%
Self-sufficiency	Charge to expense ratio	.84	.95	.63	.79
Financing obligation	Debt service ratio	29%	13%	21%	17%

Metrics for Water and Sewer Fund

June 30, 2020

Resource Stock (balance sheet)				
Financial Dimension	Financial Indicator	Lower Cape Fear FY 19-20	WSACC FY 19-20	PTRWA FY 19-20 Average
Liquidity	Quick ratio	1.3	5.0	4.4
Solvency	Net position ratio	.13	1.2	1.2
Leverage	Debt to assets ratio	.48	.04	.11
Capital	Capital assets condition ratio	.32	.53	.67
				.60

Metrics for Water and Sewer Fund

June 30, 2024

Resource Flow (operating statement)				
Financial Dimension	Financial Indicator	Lower Cape Fear FY 23-24	WSACC FY 23-24	PTRWA FY 23-24 Average
Interperiod equity	Total margin ratio	1.6	1.8	1.1
Financial performance	Percent change in net position	15.2%	12.7%	.7%
Self-sufficiency	Charge to expense ratio	1.3	.98	.63
Financing obligation	Debt service ratio	18.5%	15.5%	14.8%
				15.2%

Metrics for Water and Sewer Fund

June 30, 2024

Resource Stock (balance sheet)					
Financial Dimension	Financial Indicator	Lower Cape Fear FY 23-24	WSACC FY 23-24	PTRWA FY 23-24	Average
Liquidity	Quick ratio	7.9	7.0	3.6	5.3
Solvency	Net position ratio	.56	.44	2.5	1.5
Leverage	Debt to assets ratio	.32	.41	.06	.24
Capital	Capital assets condition ratio	.52	.44	.56	.50

Financial Condition



Danielle Hertzog

From: Kern, James <jkern@smithfield.com>
Sent: Wednesday, April 9, 2025 7:07 AM
To: Danielle Hertzog
Subject: Receipt

Breakfast and drinks for c surface class



Sent from my iPhone

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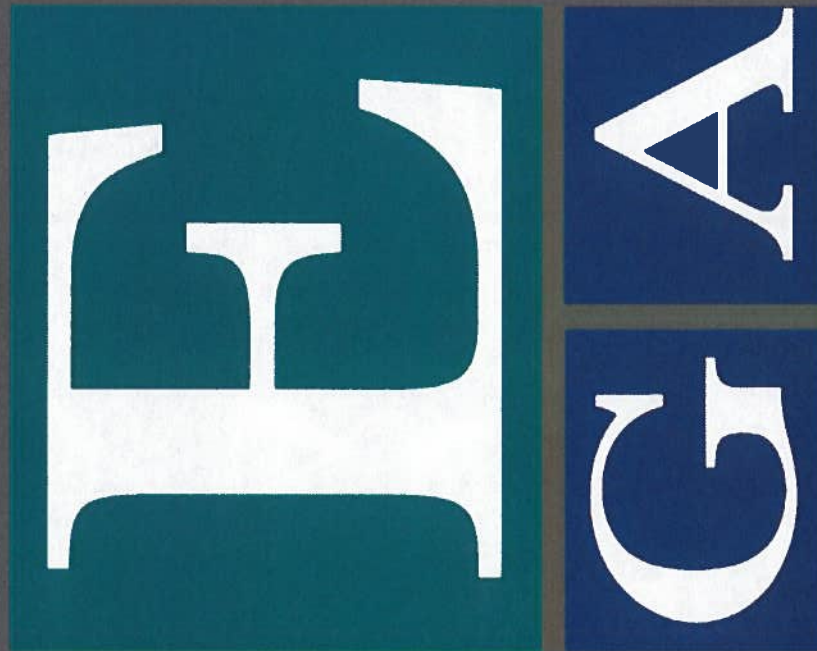
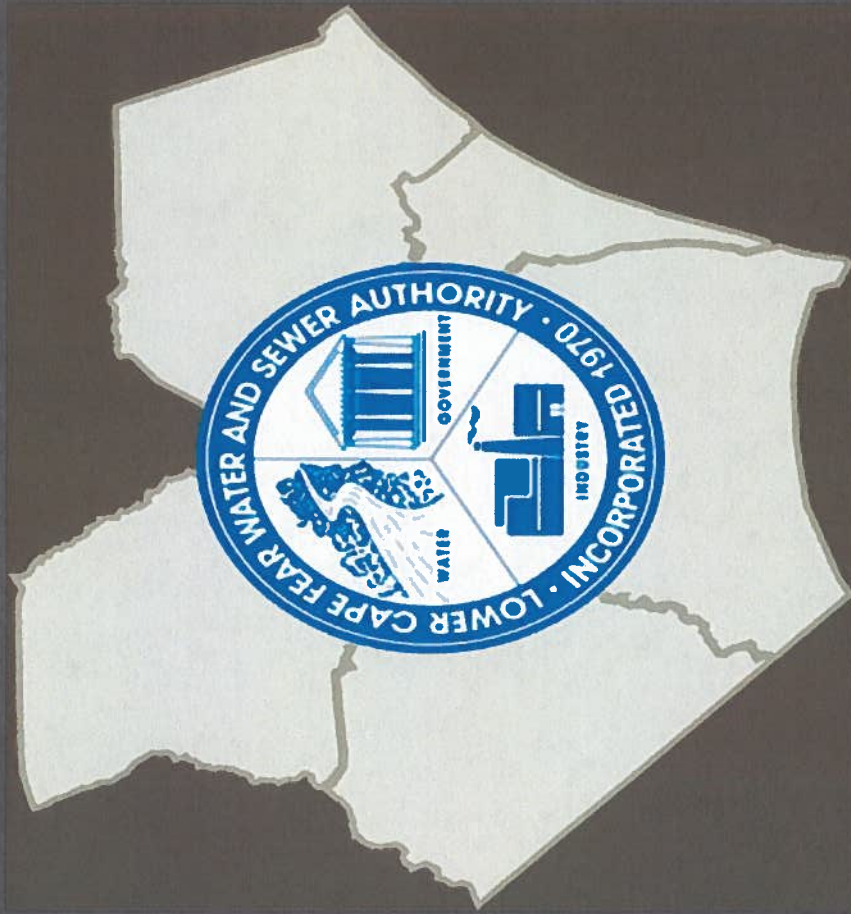
James Kern
Wastewater Supervisor

e: jkern@smithfield.com

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Tar Heel, NC 28392

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*Dodie B. Renfer,
President*



*Sam Shumate,
Vice-President of
Governmental Affairs*



*Kim Walawender,
Chief Operations Officer*



What is Lobbying?

Lobbying is a form of advocacy which lawfully attempts to directly influence legislators or government officials, such as leaders within the Executive Branch and heads of regulatory agencies.

Principal elements of **lobbying** include researching and analyzing legislation and regulatory proposals, attending legislative and regulatory hearings, building coalitions with others advocating for similar causes/issues, educating government officials about the implications of legislative changes, and advocating before the state legislature for direct appropriations.

Lobbying is developing goodwill through communications or activities, including the building of relationships, with an identified group or designated individual, with the intention of influencing current or future legislative or executive action (or both). *N.C. Gen. Stat. Ann. § 163A-250*



Key Services

- Provide clients with strategic counsel on matters involving local, state and national governmental affairs
- Serve as a liaison between clients and the NC Legislature, NC Executive Branch, numerous state agencies/departments, and other pertinent associations
- Elevate profiles and foster relationships between clients and key decision-makers within the halls of state and local government (“SLG”)

Benefits of Lobbyist Engagement

- Guaranteed seat at the table and voice in the discussion on targeted matters
- Greater access to and influence with key policymakers
- Expedited results with legislative and agency leaders
- Comprehensive and creative approach to governmental affairs, inclusive of coalition building, strategic problem solving and policy implementation
- Strategic advocacy on policy issues including, but not limited to:
 - Budget Appropriations
 - Occupancy Taxes
 - Water and Sewer Authorities
 - Licensing
 - Broadband Authority
 - ABC Board
 - County Recognitions
 - Agency/Dept Abolishment
 - De-annexation
 - Property Boundaries
 - Board of Education
 - Waste Management
 - Judicial Districting
 - Emergency Management
 - Justice/Public Safety

The State Budget Process

The Players

*NC Governor • Office of State Budget Management (OSBM) •
State Agencies/Departments • NC General Assembly*

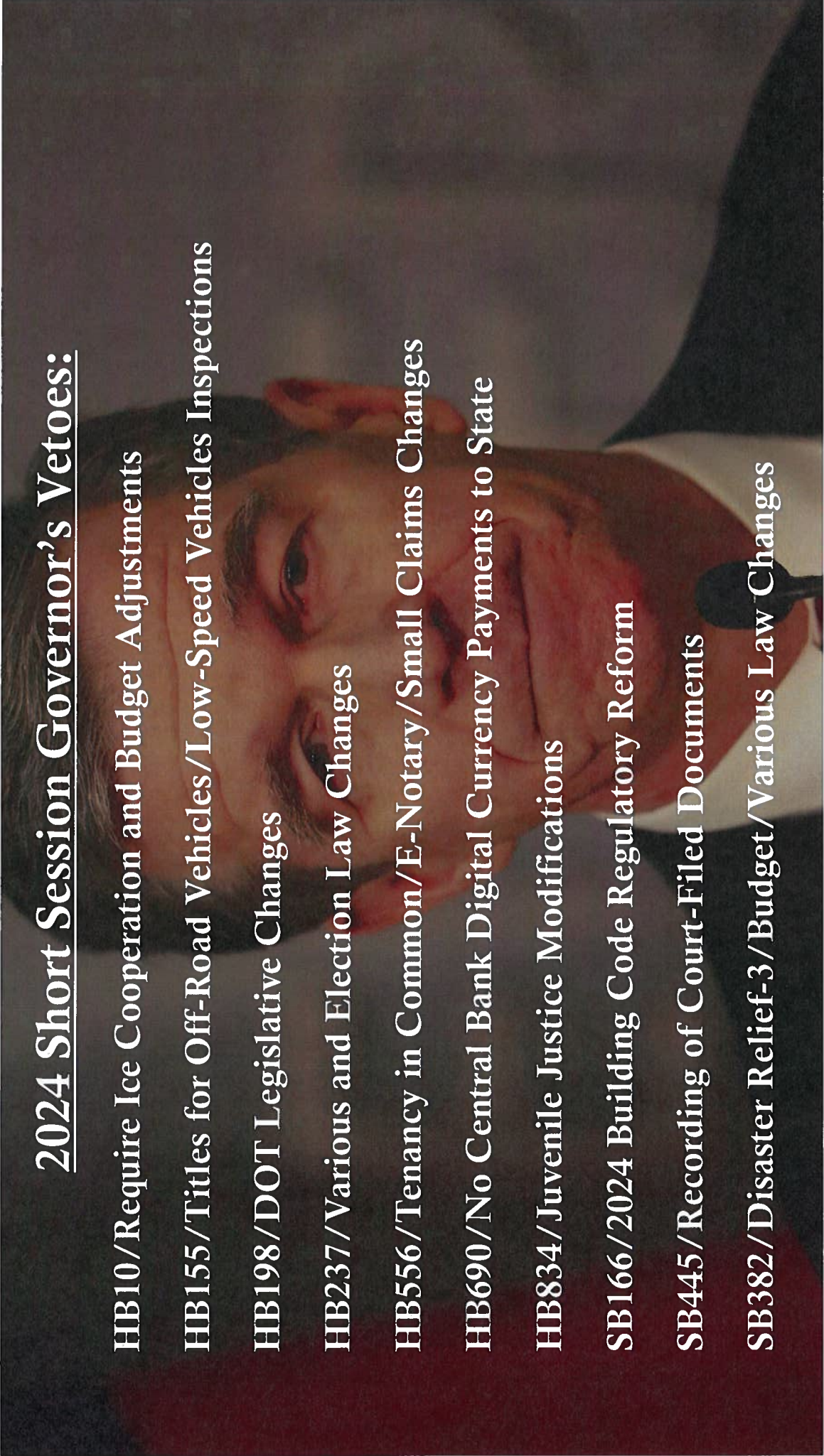
The Process

The NC Constitution empowers the Governor to “prepare and recommend to the General Assembly a comprehensive budget of anticipated revenues and proposed expenditures of the State for the ensuing fiscal period.” It is also provided that “the budget as enacted by the General Assembly shall be administered by the Governor.”

- The “*State Budget Act*” provides that the Governor is the Director of the Budget
- In this role, the Governor delegates certain authorities to the *Office of State Budget Management (OSBM)*

The State Budget Timeline

- North Carolina operates under a biennial (2-year) budget, beginning on July 1 of each odd-numbered year, with annual updates to the 2nd year of the enacted budget
- Budget instructions are sent to state agencies in August
- State agency budget requests are submitted in October
- Agency hearings are held in December
- The Governor submits his or her proposed budget to the North Carolina State Legislature in early March
- The House and Senate consider the Governor's budget recommendations, submit their respective budget proposals which move through the committee process, and the legislature (hopefully) adopts a budget between June and August; a simple majority is required to pass a budget
- North Carolina is one of only six states in which the governor cannot exercise line-item veto authority (the power of a governor to veto individual components (or lines) of a bill passed by the state legislature)
- The governor is constitutionally and statutorily required to submit a balanced budget. In turn, the legislature is required by statute to pass a balanced budget
- Of note: Continuing Resolutions and “mini-budgets” (2019-20; 2023-24)



2024 Short Session Governor's Vetoes:

HB10/Require Ice Cooperation and Budget Adjustments

HB155/Titles for Off-Road Vehicles/Low-Speed Vehicles Inspections

HB198/DOT Legislative Changes

HB237/Various and Election Law Changes

HB556/Tenancy in Common/E-Notary/Small Claims Changes

HB690/No Central Bank Digital Currency Payments to State

HB834/Juvenile Justice Modifications

SB166/2024 Building Code Regulatory Reform

SB445/Recording of Court-Filed Documents

SB382/Disaster Relief-3/Budget/Various Law Changes

2024 Short Session Veto Overrides:

In 2024, the GOP-controlled legislature was successful in overriding 10 of Gov. Cooper's vetoes.

- ✓ HB10 / Require ICE Cooperation & Budget Adjustments
- ✓ HB155 / Titles for Off-Road Vehicles/Low-Speed Vehicles Inspections
- ✓ HB198 / DOT Legislative Changes
- ✓ HB237 / Various Criminal and Election Law Changes
- ✓ HB556 / Tenancy in Common/E-Notary/Small Claims Changes
- ✓ HB690 / No Central Bank Digital Currency Payments to State
- ✓ HB834 / Juvenile Justice Modifications
- ✓ SB166 / 2024 Building Code Regulatory Reform
- ✓ SB382 / Disaster Relief-3/ Budget/Various Law Changes
- ✓ SB445 / Recording of Court-Filed Documents

2025 Long-Session Focus

- Disaster Relief (WNC)
- Two-year State Budget
- Medicaid (Sustainability)
- Down-Zoning
- Revisions to PBM provisions
- Rural/Economic Development
- Environmental/PFAS
- Workforce Development
- County Tier Designations
- Private Property Protections
- Capital Infrastructure
- Regulatory Reform

REQUESTS FOR DIRECT APPROPRIATIONS

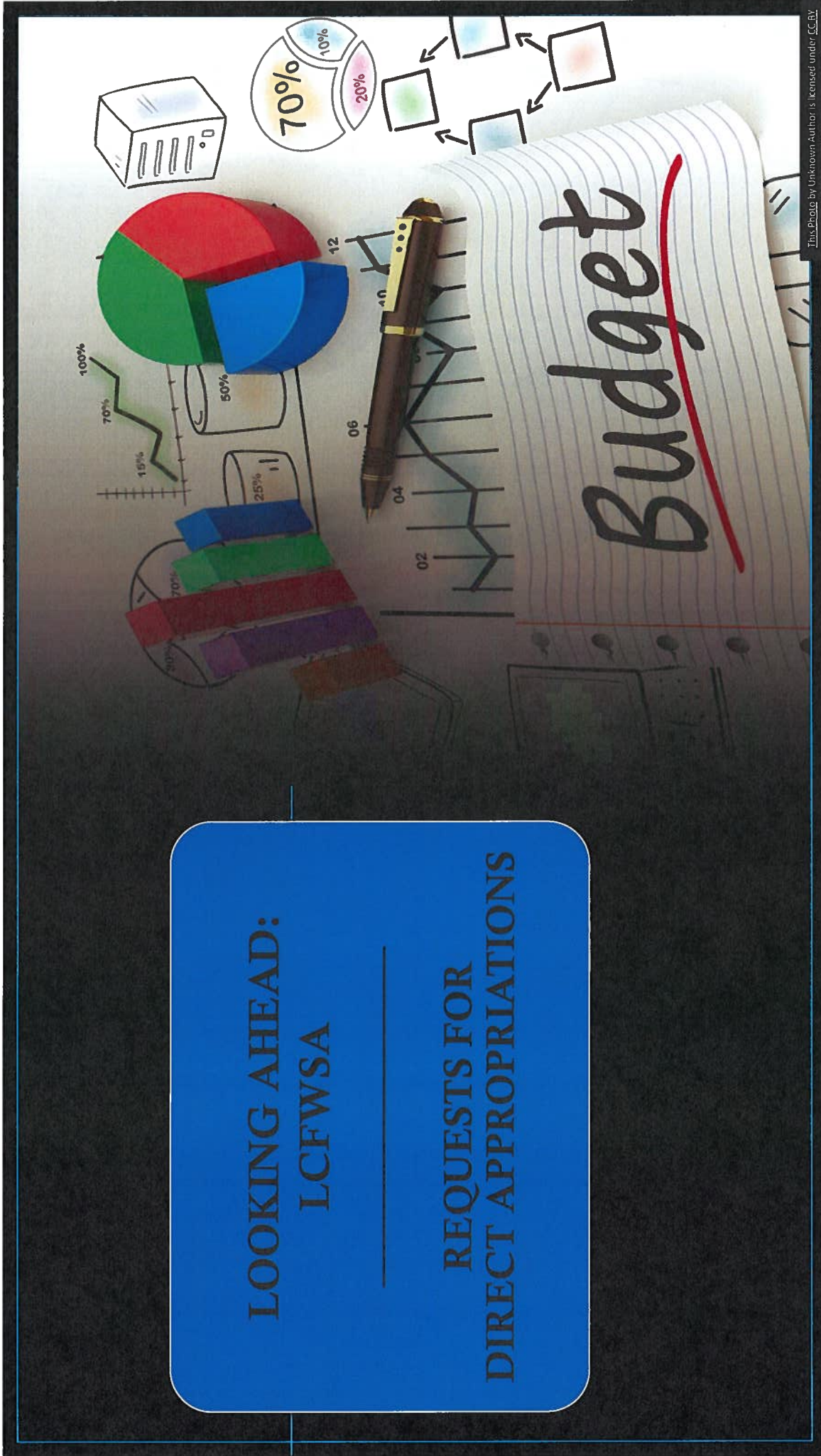
Example: Selma, NC

- A. \$7.9 million - Water Capacity Project Phase II
- B. \$6 million - New Safety Infrastructure Phase I
- C. \$5 million - Electrical Grid Improvements
- D. \$1 million - Greenway Construction Phase I
- E. \$3 million - Historic Train Depot Repairs



**LOOKING AHEAD:
LCFWSA**

**REQUESTS FOR
DIRECT APPROPRIATIONS**





ELLECTUS

GOVERNMENTAL AFFAIRS

We would be honored to represent LCFWSA!

