

Lower Cape Fear Water & Sewer Authority  
Regular Board Meeting Minutes

September 13th, 2021

Chairman Leonard called to order the Authority meeting scheduled on September 13, 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, Patrick DeVane, Wayne Edge, Al Leonard, Al Milliken, Chris Smith, Bill Sue, Frank Williams, and Rob Zapple

**Present by Virtual Attendance:** Jackie Newton, Charlie Rivenbark, and Bill Saffo

**Absent:** Harry Knight and Phil Norris

**Staff:** Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Tony Boahn P.E., McKim & Creed, Sam Shore, COG, Joshua Trouton, Computer Warriors, and Danielle Hertzog, Financial Administration Assistant

**Guests Present:** Anthony Colon, Kenneth Waldrop, and Glen Walker

**Guests Virtual Attendance:** Frank Styers, John Nichols, and John Malone

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

**APPROVAL OF CONSENT AGENDA**

**C1 - Minutes of Regular Board Meeting August 9, 2021**

**C2 - Kings Bluff Monthly Operations and Maintenance**

**C3 - Bladen Bluffs Monthly Operations and Maintenance Reports**

**C4 - Line Item Adjustment**

**C5 - Resolution in Recognition of National Source Water Protection Week**

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

|                   | <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          |                |                  |               |
|                   | 12         | 0              | 0                | 2             |

**OLD BUSINESS**

**OB1- Review of Demand Response Automation Response – Cost-Benefit Analysis with Tony Boehn.**

Tony confirmed LCFWASA joined the Demand Response Automation Program in December of 2010, and at the time, the monthly credit was \$2,250, but now it is up to \$5,312.50 monthly for just participating in the program. That is a cumulative annual credit total of \$63,750. A curtailment event is when Duke calls Kings Bluff and says they need them to go on generator power. We have a minimum of three and a maximum of ten each year, and as long as Kings Bluff can be on the generators within thirty minutes, we have met the curtailment event. We also get credit for that curtailment event in addition to the monthly credit. The credit varies based on the length of event time and depending on the time of year. Director Zapple wanted to know if we get any additional notice other than just the thirty minutes. Glenn Walker advised they call and email twenty-four hours in advance. Tony stated that they give a twenty-four-hour notice and then have thirty minutes to transfer over to generators once the final call has been given. If you miss the event, you default the monthly credit. Tony advised in the ten years and twenty-six events, we have only missed one event. That missed event was due to cold weather issues. We received a one-time credit of \$57,824 for us joining the program. In 2019 we had to step out of the program because we did not meet emission standards on the generators. We evaluated what needed to happen to the generators and ultimately added an oxidation catalyst on the generators. Once completed, we were able to rejoin the program. Since joining the program, the total monthly cumulative credit amount is \$445,525. The cumulative curtailment event credit total is \$254,026. Director Blanchard asked if these credits would cover the cost of new generators. Tony stated it would depend on the loan and debt service agreement, but there will be some value due to the credits. The total cumulative fuel and labor cost is \$65,000. An additional charge was for the oxidation catalyst with a cumulative cost of \$152,000. When you take the fuel and labor combined with the oxidation catalyst and subtract the total credits, you get a net savings of \$540,374. Tony analyzed the cost of the oxidation catalyst and initially said it would pay off at the end of 2023. Still, the oxidation catalyst will be paid off ahead of the forecast by June of 2022 with just the monthly credit amount. Director Milliken questioned the life of the oxidation catalyst. Tony advises they will last longer than the generators. Director Zapple wanted to know the cost of replacing one of the generators. Tony reported they are working on the CIP now, but the two generators were in the nine million range when they studied it a few years back. Director Zapple also wanted to know what security system is attached to the generators. Glenn Walker advised the SCADA system. Director DeVane stated that since the generators are four million each, it would be good to stagger the purchases. Tony said they wanted redundancy with a backup generator, and they could not do that if they stagger the purchase. He also stated we need to have an engineering study done on the generators before deciding the fuel and size of the new generator. Director Zapple questioned that the main difference between the old generator and the new generator is size and/or technology. Tony advised it is the technology that has significantly advanced and a smaller footprint. Director Blanchard and Sue wanted to know the number of hours on the generators. Glenn Walker reported 1%. Director Newton wanted to know how much it would cost to have these generators fully refurbished for service. Tony stated in 2006, they rebuilt the engines for the generators, but he will get the cost to have the generators fully renovated. Director Zapple has some concern that critical parts are no longer being manufactured. Glenn Walker advised we have a third-party company that will refurbish the parts that we send to them, and we have companies that can machine various parts for us.

**OB2- Settlement Agreement and Release of Easement with William Grainger.**

Matt Nichols advised critical points of the settlement for the Grainger manufactured home on Port Royal Road. Mr. Grainger will relocate the manufactured home with all these related structures, facilities outside of the easement area within 120 days. Mr. Grainger would do this at his own cost and coordinate with The Authority in advance to ensure that the line identifies the issues when it's lowered. LCFWASA would agree to reimburse Mr. Grainger up to a maximum of \$5,000 toward those relocation expenses. To implement that, the Authority would issue a check to Mr. Grainger's attorney's trust account. Mr. Grainger would be giving a full release of the Authority. Therefore, The Authority would be released and held harmless for anything related to removing the manufactured home. We would expressly not be responsible for any overages, causing extra costs, lodging, and other expenses that are foreseen or unforeseen. Mr. Grainger has signed the agreement.

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

|                   | <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  |   |   |   |
|                   | 12 | 0 | 0 | 2 |

**ENGINEER’S COMMENTS**

Tony Boahn gave an update on the 54-inch parallel raw water main. Currently our contract value is 37,203,838. That includes one change order of \$25,812. Currently, we have paid out \$33.9 million. Tony thinks we're running about two to three months ahead of schedule. Jess Powell was here last month on Tony's behalf. He brought the board up to speed on the Rattlesnake Branch pipeline that had floated. That pipeline at Rattlesnake Branch has been replaced, and Grainger replaced it with all new pipes. There was no cost to anyone as Grainger recognized the error was theirs. Next month we will move on to pressure testing the 54-inch pipeline.

**ATTORNEY COMMENTS**

Matthew Nichols spoke to Stephen Johnston from Baron and Budd, who represents LCFWAS in litigation against Chemours Company FC LLC, The Chemours and Company, and The Chemours Company. Mr. Johnson is going to prepare a status memorandum for the board. Matthew Nichols is hopeful Mr. Johnson will have the completed by the October Board Meeting.

**EXECUTIVE DIRECTOR REPORT**

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

Executive Director Holloman reported that during the month of August 2021, Brunswick County, CFPWA, and Pender County were all above projections. Monthly revenue was up as well.

**EDR3 – Summary of Activities**

Executive Director Holloman informed the board that he Presented 50th Anniversary Plaques to Bladen, City of Wilmington, New Hanover County and Pender County. He is working with McKim & Creed to schedule Kings Bluff and Bladen Bluffs annual inspections. Executive Director Holloman has a “Take or Pay” discussion with Partners to be held on September 14.

**DIRECTOR’S COMMENTS AND/OR FUTURE AGENDA ITEMS**

Director Williams wanted to know if the operation fund performance 20% were one-time expenses. Director Zapple questioned the auditor fees. Director Smith wanted to thank Executive Director Holloman for the tour of the Kings Bluff plant. Director Zapple wished to recognize the staff for getting the video conference up to date.

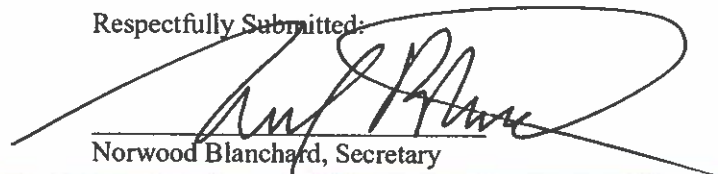
**PUBLIC COMMENT**

Anthony Colon wanted to express his sincere gratitude to Executive Director Holloman and Glenn Walker for the help with the discrepancies Pender County had on the raw water flows.

**ADJOURNMENT**

There being no further business, Chairman Leonard adjourned the meeting at 9:49 a.m.

Respectfully Submitted:



Norwood Blanchard, Secretary