

Minutes
MCRWASA Board of Directors Regular Meeting
January 24, 2019

The Martin County Regional Water and Sewer Authority (MCRWASA) Board of Directors met for its Regular Meeting on Thursday, January 24, 2019 at 3:00 p.m. in the MCRWASA Water Treatment Plant Building, 1001 Park Street, Williamston, NC.

ASSEMBLY

Members present: Chairman David Bone, Vice Chairman Al Chesson, Board Director William Coffield (alternate), Board Director Tommy Bowen (alternate), Board Director Julius Patrick, Treasurer/Deputy Secretary Cindy Ange and Secretary Christina Craft.

Board Director Stacy Stalls, and were not in attendance.

Others present: Martin County: Deputy Secretary Jessica Godard; Town of Williamston: Water System Operator Gary Barner; and SUEZ: Project Manager Joe Thaxton.

Chairman Bone called the meeting to order at 3:00 p.m.

AGENDA APPROVAL

Director Patrick made a MOTION to approve the agenda as presented, with a SECOND by Director Coffield. The Board APPROVED the motion unanimously.

APPROVAL OF MINUTES – November 29, 2018 Regular Session

Director Patrick made a MOTION to approve the minutes, with a SECOND by Director Coffield. The Board APPROVED the motion unanimously.

PUBLIC COMMENTS – None

BUSINESS ITEMS

2017-18 Audit Presentation

Chris Burton, of Carr, Riggs and Ingram (CRI), was on hand to officially present the MCRWASA audit report FY 2017-18, which was distributed to the Board at the meeting.

In the opinion of Mr. Burton, based upon CRI's audit, the financial statements were presented "fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Martin County Regional Water and Sewer Authority as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$8,943,269 (net position). The total assets decreased due to depreciation which is a noncash item.
- The government's total net position decreased by \$779,734, due to depreciation of \$1,066,553.
- For the fiscal year ending 2019, the unit cost was increased to \$5.63 per 1,000 gallons billed for the fiscal year.

Mr. Burton noted MCRWASA was not in compliance with the covenants as to rates, fees, rentals and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bond, Series 2015. Section 5.01(b) of the Bond Order requires the debt service coverage ratio to be no less than 110% for the first ten years of the debt, such that the appropriate amount is set aside until one average annual installment is accumulated in the debt service reserve fund. Net revenues should always be no less than 100% such that the Authority can meet all system operating and maintenance expenses and their debt service requirements on each loan. For the year ended June 30, 2018, the debt service coverage ratio was 102.16%. The Authority transferred additional funds into the debt service reserve account after year end to cover one annual debt installment being in reserve. Per Treasurer, the funds were on-hand and have now been set aside in an account by itself. As such, the Authority will only be subject to the 100% debt service coverage ratio going forward and does not anticipate any noncompliance issues in future years. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Vice Chairman Chesson made a MOTION to approve the draft audit as presented, with a SECOND by Director Patrick. The Board APPROVED the motion unanimously.

Capital Requests by SUEZ

Chairman Bone reported, per the agreement with SUEZ, MCRWASA has an obligation to fund capital improvements; whereas, SUEZ has the responsibility of recommending necessary capital improvements. MCRWASA may elect to contract with a third party engineer to evaluate Suez's recommendations.

The MCRWASA Board was asked to approve a slate of capital projects for the 2018-19 year in the amount of \$19,200. Project Manager Thaxton recommended \$50,000 in the capital improvement account even though the current noted needs are \$19,200. Chairman Bone noted that there are funds in reserve and additional capital requests will have to receive Board approval. Project Manager Thaxton also recommends MCRWASA maintains the \$90,000 as the base amount for the Maintenance Cap.

Director Stalls made a MOTION to approve Budget Amendment #1 as presented, with a SECOND by Director Patrick. The Board APPROVED the motion unanimously.

The MCRWASA Board approved the following slate of capital improvements:

Description of Project	Estimated Cost
Underground drain for the well blow-off (to reduce water around the well)	\$ 10,000
Installation of ball float alarm at Factory 1, Factory 2, US-17 and Peak Street to alert staff that the sump pump has failed (to prevent damage to piping or flow meters)	\$ 4,000
Water Treatment Plant breezeway bird control	\$5,200
Total Capital Budget Needs	\$ 19,200

2019-20 Draft Budget

Treasurer/Finance Officer Cindy Ange reported that

A total of 1,761,213 million gallons of water was used in 2017. Chairman Bone reported an inflated County water usage due to a large water leak in District II. The County showed an increase in water usage in District I and II. The Town showed a decrease in water usage. As per the inter-local agreement, each member is required to make a “Minimum Purchase. The trend in daily gallons of water usage is as follows:

	2014 (est.)	2015	2016	2017	2018
Town of Williamston	727,000	701,025	669,791	592,068	577,619
Martin Co. WSD 1	124,000	133,997	126,746	136,898	141,541
Martin Co. WSD 2	137,000	149,728	132,681	128,347	150,276
TOTAL	988,000	984,800	929,218	857,313	869,436

Based on a consistent overall usage, the draft budget is based on maintenance of the current wholesale rate of \$5.63 per 1,000 gallons. Some line items were decreased in the draft budget, and an estimated CIP increase included. Project Manager Thaxton reported that the CPI estimate was based on November data and will be reviewed once the December data is available. The Treasurer Ange reported that two big items were the debt payment and an increase Suez contract due to labor, energy, and fuel/chemicals. Chairman Bone reported there will be a Public Hearing in March to present the budget. The MCRWASA Board will vote on the Budget at that time.

INFORMATIONAL UPDATES

Monthly Report from SUEZ

Project Manager Thaxton reported:

- The Town and County have been utilizing their total allotment daily during the winter months. He and Water System Operator Gary Barmer have had discussions of looking at the lines going to Bailey for possible leaks.
- The Maintenance Cap is below the amount used due to the way the contracts fall.
- The generators run automatically weekly. The generators passed the raw water and load inspections.
- Drone footage of the plant was presented. The drone is used for tank and pipeline inspection.

Antennae Installation on MCRWASA Water Tank Request

Chairman Bone reported he was approached concerning a local effort to provide internet access in parts of the county that are deficient by the addition of antennae on the MCRWASA water tank. He is cautiously considering as integrity of the tank must be maintained and has shared the information with Project Manager Thaxton. Project Manager Thaxton reported that the antennae may adhere to the tank causing tank degradation. The system is a wireless system with a repeater. The closest fiber optic cables are by the cell tower behind Food Lion. Chairman Bone reported there is no more room on top of the tower as the antennae must be a certain distance apart. The rail would be optimal for the potential antennae. Project Manager Thaxton has sent information on the antennae to Suez and SCADA for review.

ADJOURNMENT

With no further business to discuss, Chairman Bone adjourned the meeting around 3:54 p.m. The next regular MCRWASA Board of Directors meeting is scheduled for March 28, 2019.

David Bone, MCRWASA Chairman

Christina Craft, NCMCC
MCRWASA Secretary