

**MINUTES OF MEETING
OF THE BOARD OF COMMISSIONERS OF
CHATHAM COUNTY
SITTING AS THE GOVERNING BOARD OF THE
SOUTHEAST CHATHAM WATER DISTRICT
MARCH 01, 2010**

The Board of Commissioners of Chatham County, North Carolina sitting as the Governing Board of the Southeast Chatham Water District met in the Central Carolina Community College, Multi-Purpose Room, located in Pittsboro, North Carolina, at 10:35 AM on March 01, 2010.

Present: Chair Sally Kost; Vice Chair, George Lucier; Commissioners Mike Cross, Carl Thompson, and Tom Vanderbeck

Staff Present: County Manager, Charlie Horne; County Attorney, Jep Rose; Assistant County Manager, Renee Paschal; Finance Officer, Vicki McConnell; Clerk to the Water District Board, Sandra B. Sublett; and Deputy Clerk to the Water District Board, Elizabeth Plata

Commissioner Thompson moved, seconded by Commissioner Vanderbeck, to convene as the Southeast Chatham Water District Board. The motion carried five (5) to zero (0).

Adoption of a Resolution Providing for the Issuance of \$3,200,000 General Obligation Water Bonds; adoption of a Resolution Providing for the Issuance of \$1,886,000 Water System Revenue Bonds; and adoption of the Bond Order Authorizing the Issuance of Water Revenue Bonds for the Southeast Water District

Chair Kost explained the request.

Vicki McConnell, Finance Officer, explained that this is the final step in issuing the general obligation and revenue bonds. When it was first started with the Southeast Water District, it was thought that \$3,200,000.00 was going to be enough to complete the project, therefore, the authorization from USDA was for no more than \$3,200,000.00 in general obligation bonds; that the USDA advised the County that it could issue revenue bonds for the remainder that was needed; that in issuing revenue bonds, the County could get the same rate as the general obligation bonds and go through the USDA for the forty-year term.

Commissioner Thompson moved, seconded by Commissioner Lucier, adoption of the bond order authorizing the issuance of water revenue bonds for the Southeast Water District, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

Commissioner Lucier moved, seconded by Commissioner Vanderbeck, to adopt a **Resolution #2010-15 Providing for the Issuance of \$3,200,000 General Obligation Water Bonds**, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

Commissioner Cross moved, seconded by Commissioner Lucier, to adopt a **Resolution #2010-16 Providing for the Issuance of \$1,886,000 Water System Revenue Bonds**, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

Request to approve and sign Amendment # 1 to the Water Purchase Contract for the Southeast Chatham Water District

David Hughes, Chatham County Public Works Director, stated that the Southeast Water District was established to bring water to residents in areas that qualify under income limits established by the USDA. This amendment is required to be able to use funds not expended for the Southeast District water line extension for the construction of a new water storage tank on Joe Womble Road adjacent to the existing 3-M tank. The amount of unused funds is approximately \$230,000.00. This storage tank will have a capacity of 500,000 gallons of which 100,000 gallons will be reserved for the Southeast District. The Southeast Chatham Water District will pay the County \$230,000 within 30 days of the execution of the construction contract for the water storage tank.

Commissioner Cross stated that when he asked about the funding for the thirty-seven customers in the Southeast Water District at a cost of \$165,000 to provide water from Harnett County, he was told that there was no funding; that he now sees that there is \$230,000.00 left over; that he is curious about this and wants to know why the Board is not taking care of the water customers and is putting funds into a water tank of which only 20% will be reserved for Southeast Water District customers.

Mr. Hughes stated that at the time Commissioner Cross's resolution came up, they did not know they were going to have a balance because a lot of it was in contingency.

Commissioner Cross replied that we now know as the people are still without water. He asked why they couldn't be taken care of first.

Chair Kost asked if Commissioner Cross had gotten anything worked out with Harnett County to provide water to these folks. Commissioner Cross replied that they never had gotten back with him; that the Public Works Director had stated that staff had become reluctant to do it because there wasn't enough money in it for them. Commissioner Cross explained that there had been two proposals: 1) Chatham County would put in the line from the County line to the customers and Harnett County would bring a line, meter it, and sell the water to Chatham. 2) Harnett County would put all the water lines in and they would have Chatham County's citizens as their customers. He stated that this is \$65,000.00 more than what was needed to provide water for those customers.

Mr. Hughes stated that Harnett County would still have to make an extension of their system to the County line to serve this area.

Commissioner Cross stated that they had agreed to do that and sell Chatham water.

The County Manager stated that one of the issues with Harnett County was that they wanted a higher volume of water for Chatham to purchase before they would commit to serving this area. He also said that the employee that has been there for thirty years has now retired so there is also a transition in personnel; however, the big issue is the amount of water that they would sell, and they are having a hard time justifying extending the line for that purpose.

Mr. Hughes stated that Harnett County wanted to significantly expand the service area to make it work for them.

Commissioner Cross explained that they were basically planning to take everything east of Buckhorn Creek which is the overflow from the Shearon Harris Lake.

Commissioner Lucier asked if Chatham County would have to put the water tank in anyway. Mr. Hughes explained that it depended on how the County wants to move water; that if Chatham wants to take a significant amount of water from Sanford and move west, which was the original scenario developed many years ago, then the tank has to be in place because the 3-M tank does not have adequate capacity to move the water west. He stated that the new tank would still service at least 20% the Southeast Water District; that the way the system is now set-up, the County is taking water from Sanford and serving the Asbury district; that it works as there are not that many customers and there is a 300,000 gallon tank; and that it works fine. He stated that at some point if the County wants to start sending

water to the southwest, the County is going to need another tank because the pump station that was built at Alex Cockman would be inadequate, and that the size of the pump drains the existing tank in about an hour as half of the tank has to be reserved for 3-M for fire protection.

Chair Kost asked if this issue had to be addressed today before questions could be answered. The Finance Officer and Public Works Director agreed that it needed to be done today.

Commissioner Lucier moved, seconded by Commissioner Vanderbeck, to approve and sign Amendment # 1 to the Water Purchase Contract for the Southeast Chatham Water District. The motion carried five (5) to zero (0).

Commissioner Lucier asked for an update on the Harnett County water in the near future.

ADJOURNMENT

Commissioner Lucier moved, seconded by Commissioner Vanderbeck, to adjourn as the Governing Board of the Southeast Chatham Water District. The motion carried five (5) to zero (0) and the meeting was adjourned at 10:48 AM.

Sally Kost, Chair

ATTEST:

Sandra B. Sublett, CMC, NCCCC, Clerk to the Board
Southeast Chatham Water District Board