

**BRUNSWICK REGIONAL WATER & SEWER H2GO
REGULAR BOARD MEETING
MONDAY AUGUST 27, 2018**

OFFICIAL MINUTES

CALL TO ORDER:

Chairman Jeff Gerken called the meeting, located at Leland Town Hall, to order at 6:00 pm; a quorum was present. The assembly was lead in the Pledge of Allegiance.

MEMBERS PRESENT:

Present from the Board of Commissioners were members Jeff Gerken, Chairman, Trudy Trombley, Vice Chairman, Bill Beer, Secretary, Ronnie Jenkins and Rodney McCoy, present from H2GO was Bob Walker, Executive Director, Scott Hook, Finance Officer, Brenda Thurman, Customer Service Supervisor and Teresa Long, Clerk to the Board.

DISCUSSION/ADJUSTMENT OF AGENDA:

Chairman Gerken opened the floor for any adjustments to the agenda. Chairman Gerken stated that we should drop the discussion under new business, "Cooperation between H2GO and the Town of Leland" because the discussion was not ripe for discussion, he also recommended to move the "Resolution to drop the lawsuit" under New Business to closed session. Commissioner McCoy stated that his desire was to leave the Resolution on the agenda. Attorney Edes stated that it would be more appropriately discussed in closed session, but would not be illegal to consider it in open session. **Commissioner Beer made a motion to remove both items under new business, Commissioner Trombley seconded, there were three yea votes by Commissioners Gerken, Beer and Trombley and two nays by Commissioners McCoy and Jenkins, the motion carried.**

CONSENT AGENDA:

Approval of Minutes July 17 2018 Regular Board Meeting:

No corrections were noted to the minutes. **Commissioner Jenkins motioned to approve the consent agenda as presented, Commissioner Beer seconded and the motion carried unanimously.**

COMMISSIONERS REPORT:

Commissioner McCoy said that he was going to say sort of a Public Service Announcement, he said today was the first day of school for those who have school age kids, he said there was a post asking parents to please make sure the kids carry two bottles of water a day or else they drink 42 ounces of toxic chemicals from the water fountains.

Chairman Gerken stated that he had done some research and read the paper, he said the paper stated that the Department of Health and Human Services has determined that 140 PPT is an appropriate level for perfluorinated compounds, he said the county website shows that there are less than 140 PPT of perfluorinated compounds in the water. Chairman Gerken said that he had attended the workshop in August at Cape Fear Public Utilities, he said they talked about installing a granulated activated carbon filter in their water plant.

Commissioner Beer said he had also attended the workshop at Cape Fear Public Utilities, he said the purpose of the workshop was for the Utility to sell the board of commissioners on their increase in technology to deal with perfluorinated compounds, he said they brought in a number of experts, he said they spent some time explaining to people why they want NANO collection as opposed to reverse osmosis

PUBLIC COMMENTS:

Chairman Gerken opened the floor for public comments; he stated that last month he let things go too far, he said a number of comments made were very personal in nature, some stated that board members were not doing their duty and some said they were lying, Chairman Gerken said if he heard any personal attacks on any commissioners he would use his gavel and stop that. Chairman Gerken informed everyone that given the number of people who had signed up, that he would give three minutes each to speak.

James Smith, 2399 Sugargrove Trail, Compass Pointe:

Mr. Smith said that at the last meeting Brayton Willis, the H2GO commissioner candidate who came in last in the election, kept up his campaign practice of deceiving the public, Chairman Gerken hit the gavel and said that no one could talk about deceiving, because that is the same as lying. Commissioner Jenkins stated that Mr. Willis was not a commissioner, Chairmen Gerken said that he had the gavel. Mr. Smith said Mr. Willis tried to explain his mention about Dr. Larry Cahoon drinking the water wasn't deceptive, even if it wasn't H2GO's water that he was drinking. Mr. Smith said that Dr. Cahoon told us he would not drink the H2GO tap water, only New Hanover County tap water, Mr. Smith said Mr. Willis reminded many of them about his apology to Dr. Knapp about twisting his words about drinking under the sink RO water just before the election. Mr. Smith said that Mr. Willis now owes Dr. Cahoon an apology, he said Mr. Willis then took issue with the Star-News editorial that stated the H2GO RO Plant could be finished in about a year, he said Mr. Willis made claims that there were documented analysis that the plant could not be completed in the planned time frame. Mr. Smith said Mr. Willis made those claims up, he said the plant, plans and permits including the discharge permit are still in place, he said construction could pick up where it was left off and be completed within the original time frame. Mr. Smith said that Brunswick County has now decided that reverse osmosis must be used, he said a financial analysis said that H2GO's rates would not be raised if they built the reverse osmosis plant, he said H2GO's former board and Belville lead the way in protecting the health of our citizens and all of H2GO's customers by trying to provide safe clean water as soon as possible, you commissioners are preventing your customers from getting safe clean water for two years and you are going to make them pay 25% more for the privilege. Mr. Smith quoted from the H2GO's website under "Frequently asked Questions about Reverse Osmosis WTP", "Does Brunswick County Public Utilities have sufficient treatment capacity to supply H2GO's future water needs" "Answer; not without expanding its service water treatment plant, Brunswick County Public Utilities has considered a 30 million dollar expansion of its

surface water treatment plant from 24 to 36 million gallons of water per day, but no timetable for the project has been announced.” Mr. Smith asked who would pay for the county expanding their plant if and when it is done.

Chairman Gerken stated that the expansion of the NE Water Treatment Plant has been in place for some time and it is included in their rates.

Dennis Sender: 8663 Hammocks Cove Trail, Compass Pointe:

Mr. Sender said as we keep an eye on Gen-X, we just learned that the highest concentration of 1-4 dioxane making its way in the Cape Fear River is coming from the Asheboro Wastewater Treatment Plant, he said the Asheboro Water Resources Director relayed a comment from a California state report which said that “dioxane in drinking water poses only a chronic or long-term threat to human health”. Mr. Sender said the EPA on their technical fact sheet has stated that dioxane is likely a human carcinogen and needs to be treated as such in wastewater treatment. Mr. Sender said the situation in Asheboro lead to a response from CFPUA and other utilities, he said they have taken steps with the state to try and lessen Asheboro’s impact on our water. Mr. Sender said it was unfortunate that H2GO’s new majority continues to block the completion of a ground water reverse osmosis plant that “would provide water completely free of 1-4 dioxane, free of Gen-X, free of Naphion” in about a year. Mr. Sender said that H2GO’s Code of Ethics requires commissioners to act in the best interest of people they represent “delivering the safest cleanest water faster and cheaper” he said Commissioner’s Gerken, Beer and Trombley are in violation of their Code of Ethics. Chairman Gerken hit the gavel, he said they are not in violation of any Code of Ethics, he said they are providing water that has been determined by the state of North Carolina to be healthy for people to drink. Mr. Sender said the county’s plan that was backed by the H2GO’s new majority board would raise rates by 25%.

Joy Cranidiotis, 1038 Garden Club Way, Waterford:

Ms. Cranidiotis said that 49% of the people that voted for anti-RO candidates are being disenfranchised, she asked why the Town of Leland should be able to dictate the activities of H2GO, even though H2GO uses none of their infrastructure, she said that was good since Leland was second only to CFPUA in the number of sewer spills in our area. Ms. Cranadiotis said Belville’s wastewater plant and pipes form the backbone of H2GO system, this is a system that Leland wants to “get their hands on”, she said it seems like certain commissioners actions continually favor the Town of Leland over the needs and the health of the customers of H2GO, she said 51% of voters cast their ballot for pro RO plant candidates in the last election, she brought out that the two H2GO board members who are not on the litigation committee that determines how H2GO handles this lawsuit was Ronnie Jenkins and Rodney McCoy, the two top vote getters and the two who are in favor of the RO plant, she said that Bill Beer who came in third did get a seat on that committee, she asked why are these two board members shut out from knowing the intimate details of the legal strategy?

Chairman Gerken stated that over the last two elections the majority of votes were cast for anti-RO candidates, he said the statement that the wastewater treatment plant and it’s pipes were the backbone of the H2GO system was a ridiculous statement and he would address that statement in a different forum.

Barry Laub, 8190 Ibis Ct., Compass Pointe:

Mr. Laub said we have a politicized situation, he said anything that is said gets politicized, and “anything said can come across as a personal attack when in fact we are attempting to respond to statements that we have heard and that we have seen” he asked how do you respond to these things without it sounding like a personal attack. Mr. Laub referred to Ms. Fagerquist’s comment about Commissioner Beer being quoted as saying, if people ask him questions about projects and he doesn’t know the answer he makes something up and they tend to believe him. Mr. Laub said during the campaign, Mr. Beer gave the idea that H2GO acted like Chemours, the chemical polluter of the Cape Fear River, he claimed that H2GO used a loophole to get the RO plants discharge permit, he said that was not true, he said Mr. Beer gave the idea that the RO plant would somehow harm a distant flounder foundry on the Brunswick River, he said that was not accurate, he said Mr. Beer gave the idea that customers would have to choose between taking their medicine and paying for drinking water, he said that has turned out not to be true.

Commissioner Beer said he would like to address one comment, he said “you claim that my use of the word loophole was incorrect” he went on to explain that the Clean Water Act has a provision called mixing zone and is considered by most environmentalist a loophole that was put in there by lobbyist and politicians back in the mid 1970’s, it’s a loophole that allows all chemical polluters to put water in the natural bodies through the NPDES system, that exists”, he said that provision is now considered by most people a permit for pollution.

Larry Barruch, 2254 Curley Maple Lane, Compass Pointe:

Mr. Barruch said we are still hearing from the anti-RO plant commissioners that we should all gather together with Brunswick County and go with a regional solution, he said Brunswick County is not working with any other county or jurisdiction in the construction of the water treatment solution, which will not be in place for years to come and will cost H2GO customers at least 25% more than if H2GO had built their own RO plant, he brought out that the term regional would include a broader range than just Brunswick County, he said the Cape Fear Region included, New Hanover County, Brunswick County and Pender County including others, he said all three counties use different water treatment processes to tackle local contaminants and that will be paid for by the citizens living within their well-defined boundaries, he said Brunswick County’s solution will be only for its residents and paid for only by those residents whereas CFPWA’s solution will be only for their residents and paid for by their customers, he said Brunswick Counties \$100 million dollar solution will be paid for only by Brunswick Counties residents. Mr. Barruch said Brunswick County has stated that an RO system is necessary to protect the people they serve and it will cost H2GO customers at least a 25% increase, he said Commissioners Gerken, Beer and Trombley have been proven wrong about the need for RO treatment. Mr. Barruch asked the commissioners to take action to ensure that their customers receive safer, cleaner water faster and cheaper than anyone in the Cape Fear Region, he said you could be leaders in the region.

Jane Crowder, 131 Lee Dr.:

Mrs. Crowder asked H2GO commissioners and attorney Mr. Coble to provide her with a document within seven days, showing that if someone says something about a commissioner, the

chairman has the right to gavel the person that says anything against what the boards beliefs are what they don't like as long as there is no threat towards that person.

Carol Caffey, 136 Tylers Cove Ct., Mallory Creek:

Ms. Caffey referred to a comment that was made by Brayton Willis at last month's board meeting, where he quoted Dr. Cahoon. Ms. Caffey said that she wrote Dr. Cahoon a note as asked him about what Brayton Willis had said, that Dr. Calhoun now drinks tap water, and he implied that it was not filtered, she asked Dr. Cahoon if that was a true statement since every time she had heard him speak he had referred to multiple toxic chemicals in our water, she said she asked him for any insight he could give in this matter. Ms. Caffey said Dr. Cahoon wrote her back and told her that "once the Gen-X numbers from CFPUA came down to 30 to 40 ppt level" "well below the DHHS advisory level of 140 ppt and another compound also came down proportionately, I decided to go ahead and resume drinking tap water, although I drink a fair bit of DI water here at my office and mostly consume other liquids at home" "All in, I don't drink much tap water, FYI, the Gen-X number in CFPUA water are now down below 10 ppt, less than 98% lower than last June, as I said publicly, that decision is a personal one, I am a 65 year old man with no history of cancer or other stuff in my family, as I assess my personal risk differently than a woman of child bearing age or a young child of mine, I would never tell anyone else what they should or shouldn't do as it depends on their personal situation, some people are definitely at higher risk than I am, I am less familiar with the Gen-X numbers of Brunswick County water providers but I assume that they are very similar to CFPUA's. "Again, the decision on drinking the water are personal and the CFPUA treats its water differently than Brunswick County providers, if I understand things correctly". Ms. Caffey said Dr. Cahoon wrote back and said "I have not changed my opinion, I stopped drinking CFPUA when the news broke because the data showed unacceptably high levels of Gen-X and other PFA's, I even gave bottled water to my cat, now that we have less than 98% reduction in those levels, my personal judgment is that I feel okay about drinking the water with much lower levels, what has changed in the concentration of those pollutants in the CFPUA water, by the way CFPUA treatment process takes most of the 1.4 dioxane out of the water too, please advise Mr. Willis that I have no problem with rebuking him publicly if necessary".

Steve Hosmer: 8452 Forest Crest Ct:

Mr. Hosmer, said the actual promised increases from the county according to their website are as follows: the wholesale rate to customers like H2GO are supposed to go up 48% and the retail rates are supposed to go up 25%. Mr. Hosmer secondly spoke about emerging areas around the discharge location, there are two things that govern them, one is the Clean Water Act. Mr. Hosmer said the amount of salt added to the water by H2GO when tests were done, was no longer measurable within 30 feet, he said the amount of salt that is discharged is equal to approximately the average of salt content at that point in the river throughout the year. Mr. Hosmer said if cheaper, faster, safer, cleaner water is in the best interests of your customers, he asked, what else needs to insure cheaper rates, he said one thing that insures cheaper rates is growth, and by curtailing growth to H2GO, you are guaranteeing more expensive water rates in the future. Mr. Hosmer said the only solution that guarantees us none of the contaminants that have been talked about is the reverse osmosis plant and you want to shut down that project. Mr. Hosmer asked who benefits from this, the customers of H2GO, or Leland?

OLD BUSINESS:

None discussed.

EXECUTIVE DIRECTOR'S REPORT:

Deed of Dedication-Lanvale Forest, Phase 3, lots 55-100; Mr. Walker said that Mr. Coble has reviewed the Deed of Dedication, everything is in order and he recommended that the board accept this Deed of Dedication. **Commissioner Trombley motioned to accept the proposed Deed of Dedication for Lanvale Forest, Phase 3, Lots 55-100, Commissioner Jenkins seconded.** Commissioner Trombley asked about the letter from Mr. Coble in which he stated that there were some unresolved issues, Mr. Coble said that statement was not referring to the Deed of Dedication being discussed tonight. **The vote was unanimous and the motion carried.**

US 17 Interceptor Sewer and Regional Pump Station Project Update; Mr. Walker said that we did start up the new pump station that was constructed behind Willoughby's last Tuesday, he said everything was in order, he said the pumps performed as were designed, he said they have the punch list items that are being taken care of, the force main is operating properly. Mr. Walker said the other project, the extension of the gravity sewer that extends down highway 17 towards Lanvale Road, is approximately 60% done, he said they have gone through the worst, are moving to higher ground now and should be moving along much quicker. Mr. Walker said we expect the gravity sewer portion to be complete in 90 to 120 days. Mr. Walker said the third phase of this project is rerouting some of the force mains from Seabrooke, Wedgewood, Old Lanvale Road, Stoney Creek and Grayson Park, he said that project is out for bid right now, he said we will receive bids on September 11th and he will have a report for the board at the next meeting.

Sensus FlexNet Water Meter System-Rob Watson, Ferguson Waterworks; Mr. Walker said this is basically changing from reading the meters from the car, he said the FlexNet is a two way communication, it would allow us to put up three antennas in the service district and we would be able to read these meters on a daily basis, he said this will take our customer service to another level, as far as being able to detect leaks, usage, responding to customers concerns about consumption, he said the customer could log onto the website and see what their daily water usage is. Mr. Walker said that Rob Watson with Ferguson Waterworks is here to provide us with a power point presentation.

Mr. Watson said, what we are talking about is upgrading our current system to a new AMI System, he said hourly reading would come back to the desktops, he said basically you would be getting an upgraded reading on all of your meters every day. Mr. Watson said Sensus has headquarters in Raleigh, it is owned by Xylem, an American company, he said that Brunswick County has had the system about seven years, Little River and Oak Island has just recently implemented the system, Cary, NC, Brevard and Hendersonville have the system. Mr. Watson said that Ferguson's headquarters is in New Port News, Virginia, with a branch in Wilmington, NC on highway 421 with about \$13.8 billion in sales each year. Mr. Watson said they have a turnkey solution such as was implemented in Oak Island, they install the meters, put the data into the billing system so they don't have to key it all in, he said they have about six new systems now in the Carolina's. Mr. Watson said this system will increase your billing accuracy, reduce water loss with a 24/7 leak detection, it will actually alert the utility if a customer has a leak, he

said there are broken pipe alarms which will automatically shut off water from the office, he said there are graphs that we can send to the customers so they can see when they used water. Mr. Watson said every day you will have a daily report on leaks, etc., that will aid in workforce management. Mr. Watson said the way it works is that you have meters and transmitters that talk to the towers, the information goes to the servers that are located in Raleigh and it comes to our desktop, iPhone, etc. so that we have access to it 24/7. Mr. Watson said that by changing out these meters we will be able to increase meter accuracy and longer lifespan, they have a 20 year warranty on all of their products, he said the transmitter has a 15 year 100% warranty, he said it allows the utility to be pro-active instead of reactive. Mr. Watson said that Sensus does a propagation study on your system and it's a guarantee before any material is ordered that you will have a 98.5% reading over a four day billing window, he said if any other infrastructure is needed beyond what is called for with the three tanks, there will be no charge to the utility. He said they offer customer portals so that the customer can access their data, he said the total is \$3.69 million for the project. Mr. Hook said there is \$275,000 in this year's budget for this system. Commissioner Trombley asked if H2GO would have to get Belville's approval, Mr. Coble deferred the question to Mr. Edes who said it could be discussed in closed session. Mr. Watson said that the system would be monitored in Raleigh, NC 24/7 with no lag time, you will get a report each day. Mr. Watson said the timeframe for build out would be within a year's time. Mr. Edes asked if there was an early out provision? Mr. Watson said you would only pay for what is installed, he said the utility could stop the project at any time. Mr. Edes said Oak Island is pleased with the system.

ASSISTANT DIRECTOR'S REPORT:

Maintenance Trucks; Mr. Lane said that he had gotten a quote from Jones Ford for two new Ford F150 pickup trucks in the amount of \$23,571 each, he said he thought the money was in the budget for two trucks \$47,142. **Commissioner Beer Motioned to approve the purchase of the two new Ford trucks, Commissioner McCoy seconded and the motion carried unanimously.**

FINANCE OFFICER'S REPORT:

Check Register: Commissioner Trombley asked about all the checks for truck repairs, she asked if these were the trucks that would be replaced. Mr. Lane said they were, he said we would put the old trucks up for bid. Commissioners Trombley asked how often we were doing water sampling, Mr. Walker said every two weeks. Commissioner Jenkins asked about the check to the Town of Leland in the amount of \$84,000, Mr. Hook explained that this was for money that we collect for the Town of Leland.

FY 2018-19 Water & Sewer Operating Fund Budget Ordinance Amendment; Mr. Hook said this does not change the overall budget, he said with the new impact law that changed July 1st, he budgeted the revenue in the reserve account per statute, he said there was a bulletin put out by the LGC that stated the money still had to go through the operating fund and then transfer over to the reserve fund, he said that is what this amendment is for, instead of the money going straight to the reserve fund it will go to the operating fund and then transfer. **Commissioner Trombley motioned to approve the FY 2018-19 Water & Sewer Operating Fund Budget Ordinance Amendment, Commissioner Beer seconded and the motion carried unanimously.**

Commissioner McCoy asked if all the attorney invoices had been received Mr. Hook said he had received all of Mr. Coble's invoices but not Mr. Edes, Mr. Edes said they will be coming this week. Commissioner McCoy asked Mr. Edes if the invoices would be itemized. Mr. Edes said they will be the same as last time.

PUBLIC INFORMATION OFFICER'S REPORT:

Mr. Walker said that Mr. Wittkofsky has classes on Monday nights and that is why he is not here, he said he is getting his MBA. Commissioner Trombley asked what Tyler had been working on, Mr. Walker said he has been mostly working on the hydrant information. Commissioner Trombley said there was a nice insert in the bill.

ATTORNEY'S REPORT:

Nothing to report in open session.

NEW BUSINESS:

INFORMAL DISCUSSION:

Commissioner Beer referred to comments made in regards to the growth of H2GO, he said he didn't know if everyone understood what the change in the state ordinance really means, he told Mr. Walker to correct him if he was wrong, he said whenever we grow there are impact fees regarding new developments and the infrastructure that must go in, that we collect up front, then we charge the developer and somehow it gets paid back to us through that process and in the future we are not going to be able charge 100%. Mr. Hook said that in most of our developments, the developer puts in all the water and sewer lines and the lift stations, what we charge upfront basically is for the wastewater treatment plant, he said we don't charge for water treatment up front because we buy water wholesale, he said the new law states that we have to back out 25% of the cost of the project and that 25% comes out of base fees of all the customers. Commissioner Trombley said it is a shame that when it comes down to informal discussion that people who have commented leave before seeing if anyone on the board wants to respond to what they have said. Commissioner McCoy asked Chairman Gerken, when did he receive information on the ruling of the lawsuit. Chairman Gerken said he did not remember when he received it, Commissioner McCoy said he read about it in the State Port Pilot. Mr. Edes said the order in the paper was neither signed or filed, he said the order was not filed with the court until August 20th 2018, he said Judge Henry had it mailed to Brunswick County and it was clocked in on August 20th (*Mr. Edes showed a copy of the order*). Commissioner Jenkins asked, who got a copy as soon as the judge issued the ruling. Mr. Edes said that was a question that he will answer in closed session.

EXECUTIVE SESSION TO DISCUSS CONTRACT ISSUES PURSUANT TO NC GS 143-318.11 (a) (5) and LITIGATION ISSUES PURSUANT TO NC GS 143-318-11 (a) (3):

Commissioner Beer motioned to enter into closed session, Commissioner Jenkins seconded, the motion carried unanimously.

Commissioner Beer motioned to return to open session, Commissioner Trombley seconded and the motion carried unanimously.

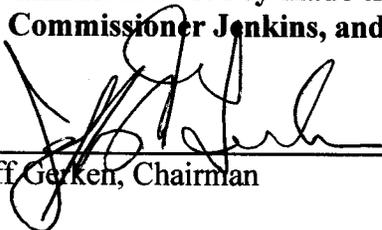
Chairman Gerken said that the board will now vote on Commissioner McCoy's resolution to drop the lawsuit. **Commissioner McCoy motioned to drop the lawsuit, Commissioner Jenkins seconded, the vote was two yeas by Commissioners McCoy and Jenkins and three nays by Commissioners Gerken, Beer and Trombley**

ANNOUNCEMENT OF NEXT MEETING:

Chairman Gerken said that he would like to keep the September meeting on the 25th if possible. The board generally agreed.

ADJOURNMENT:

Commissioner McCoy made the motion to adjourn the meeting at 8:00 pm, it was seconded by Commissioner Jenkins, and the motion carried unanimously.



Jeff Gerken, Chairman



Bill Beer, Secretary



Teresa Long, CMC
Clerk to the Board

10-19-2018

Date of Approval