

**State Water Infrastructure Authority**  
**North Carolina Department of Environmental Quality**  
**September 25, 2019**  
**Meeting Minutes**

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**State Water Infrastructure Authority Members Attending Meeting via Conference Call**

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Greg Gaskins, Deputy Treasurer, State & Local Finance Division; Secretary, Local Government Commission
- Leila Goodwin, Water Resources Engineer
- Maria Hunnicutt, Manager, Broad River Water Authority
- Dr. Bernadette Pelissier
- Cal Stiles, Cherokee County Commissioner
- Charles Vines, Mayor of Bakersville
- Juhann Waller, Principal, JC Waller & Associates, PC

**Division of Water Infrastructure Staff Attending Meeting**

- Francine Durso, Special/Technical Issues Senior Program Manager
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Amy Simes, Senior Program Manager

**Department of Justice Staff Attending Meeting via Conference Call**

- Jill Weese, NC Department of Justice; Assistant Attorney General, Environmental Division

**Item A. Call to Order**

Mr. Colson opened the meeting and reminded the members of the State Water Infrastructure Authority (SWIA) of General Statute 138A which states that any member who is aware of a known conflict of interest or an appearance of a conflict of interest with respect to matters before the Authority today is required to identify the conflict or appearance of a conflict at the time the conflict becomes apparent.

**Item B. Chair's Remarks**

Mr. Colson thanked Authority members for being available for the emergency meeting this morning.

**Item C. Senate Bill 691 – Emergency Operating Funds for Utilities**

Mr. Colson stated Senate Bill 691 was signed into law yesterday afternoon by the Governor that enables DEQ to make funds available for emergency grants for local government units with an operating deficit that have been taken over by the Local Government Commission and do not have sufficient revenue to pay operating expenses.

The Town of Eureka was taken over by the Local Government Commission and the town's charter was suspended pursuant to Session Law 2019-29. The town's expenses exceed revenues, which has created a significant shortfall. The town already has very high sewer rates and cannot raise rates to generate more revenue. Pursuant to SB691, the Local Government Commission has applied for an emergency grant for operating deficit on behalf of the Town of Eureka.

The town is already past due on some expenses. The funding application indicates a deficit of \$200,000 for this fiscal year. This grant will be effective for this fiscal year's expenses only. This funding will be allocated

from the state reserve programs. Additional funding beyond this fiscal year will be considered separately through additional Authority actions.

The Authority discussed the following:

- Mr. Stiles stated he understands the situation that Eureka is in but the funding is still coming from the state reserve programs and takes funding away from applicants potentially doing things the right way.
- Mr. Waller asked if the Authority can request Eureka to look at viable options for the future. Mr. Colson answered that looking at long term viable options is something that has to happen and hopefully in the future the division will have the viable utility grants to assist with this.
- Ms. Goodwin asked if future requests, like Eureka's, would come out of the viable utility fund. Mr. Colson answered, if funds are available in a viable utility fund that is where the money would come from. Mr. Gaskins added that originally there was proposed funding for a viable utility fund and that would be where funding would have from for this type of application. Ms. Goodwin agreed having these funds would stop funds being taken away from our regular funding programs.
- Mr. Gaskins added the funding will be used to cover short-term expenses and the entire process will be trying to put together a viable utility. If the LGC determines that is not possible they will find the next best option.
- Mr. Colson added that the funds for Eureka and how the funds are used will be handled by the LGC.
- Mr. Stiles added the application states there are only 115 sewer customers and it seems like putting septic tanks in for everyone could be a solution. Mr. Gaskins added the purpose of this funding is to explore if partners can come to an agreement.
- Ms. Hunnicutt asked about another potential recipient of this type of funding but since this is an emergency meeting only the specific agenda items can be discussed.

**Action Item C:**

- Mr. Vines made a motion to award a \$200,000 emergency grant to the Town of Eureka for operating deficits. Mr. Waller seconded the motion. The motion passed unanimously.

**Item D. Concluding remarks by Authority Members, Chair and Counsel**

Mr. Gaskins thanked everyone and added this is all experimental but we really need an experiment to succeed. If this funding wasn't available, the turnout would be very different. Mr. Colson added that this topic will continue to be discussed with the Authority and that there are other small utility systems that may have circumstances similar to Eureka.

**Item E. Adjourn** – The meeting was adjourned.