

**Onslow Water & Sewer Authority
Board of Directors' Special Meeting
228 Georgetown Road Jacksonville
Thursday, November 4, 2021
APPROVED MINUTES**

Having a quorum, Chairman Jerry Bittner called the meeting to order at 6:03 pm. Board members present included Chairman Jerry Bittner, Vice Chairman Paul Conner, Secretary/Treasurer Royce Bennett, Directors Timothy Foster, Greg Hines, Pat Turner, and Robert Warden. Director Joann McDermon attended remotely. It was verified that Director McDermon was able to fully participate in the meeting and that the technology worked appropriately. The meeting was both publicly posted and advertised to the ONWASA sunshine list in accordance with North Carolina Open Meeting laws over 48 hours in advance.

Staff members present included CEO Jeffrey Hudson, Authority Attorney Chuck Kitchen, PIO and Clerk to the Board Heather Norris, CFO Tiffany Riggs, and CHRO Joetta Guist. CIO David Bergman provided staff support during the meeting.

- 1. Approval of Agenda** – Secretary/Treasurer Royce Bennett made a motion to approve the agenda as submitted. Vice Chairman Paul Conner seconded the motion. All were in favor. The agenda was approved as presented.

- 2. Business**

- A. Personnel Benefits Discussion**

[A COPY OF WRITTEN LEGAL OPINION LETTER BY MR. KITCHEN SIGNED AND DATED NOVEMBER 2, 2021 MAY BE FOUND AT EXHIBIT A AND ARE FULLY INCORPORATED HEREIN BY REFERENCE, A COPY OF THE AMENDMENT TO PERSONNEL POLICY TO CLARIFY RETIREMENT HEALTH CARE BENEFITS MAY BE FOUND AT EXHIBIT B AND ARE FULLY INCORPORATED HEREIN BY REFERENCE, A COPY OF THE EMPLOYMENT AGREEMENT BETWEEN ONSLOW WATER AND SEWER AUTHORITY AND JEFFREY HUDSON MAY BE FOUND AT EXHIBIT C AND ARE FULLY INCORPORATED HEREIN BY REFERENCE.]

The Chairman moved the only item of business for the special meeting, a discussion of personnel benefits. The Chairman called upon Authority Attorney Chuck Kitchen to lead the discussion on personnel benefits and legal interpretations of those benefits.

Mr. Chuck Kitchen had previously provided to the board a signed opinion letter dated November 2, 2021 regarding retiree insurance benefits. Mr. Kitchen began an explanation of the letter. He indicated that he had been asked two questions regarding retiree insurance benefits and, during his investigation, uncovered the fact that the Onslow Water and Sewer Authority Personnel Policy has a problem. Mr. Kitchen then went on to say that he would address both the questions and the policy concern.

Mr. Kitchen stated the questions from the November 2, 2021 opinion letter. The first was "1) if a person retires from ONWASA under the provisions of the North Carolina Local Government Employee's Retirement System in accordance with the provisions of Section 10-4 of the Personnel Policy, when do the insurance benefits stop."

Mr. Kitchen noted that this question was not fully addressed during the Personnel Policy rewrite of 2014. He then addressed that ONWASA retiree health benefits stop if the retiree gets another job and has eligibility to receive health benefit coverage as a benefit of the retiree's new job. There may be other situations in which the ONWASA retiree health benefit stops, such as if you are a military retiree or a State of North Carolina retiree and have a lifetime health insurance benefit, such as Tricare, from your military service. Mr. Kitchen stated that as long as you don't have health insurance from another source or are not eligible to get health insurance from another source you are eligible to get ONWASA retiree health insurance until you are eligible for Medicare. Once you receive Medicare you no longer qualify to receive the ONWASA retiree health benefit.

The second question addressed by Mr. Kitchen was "2) if a retiree goes to work for another employer who provides insurance benefits, but later leaves that employment, is the retiree reinstated in the ONWASA retiree insurance program?" Mr. Kitchen stated that the current language of ONWASA Personnel Policy Section 10-4 does not answer the question as clearly as the first question. However, based on language of the policy which states that the medical benefit continues until "the employee is eligible to be covered by Medicare...". The policy does not say that you are eligible for the ONWASA retiree health insurance until you are eligible to be covered by another insurance policy. Therefore, Mr. Kitchen stated that his interpretation would be that the ONWASA retiree health benefit may cease to be operative when the retiree is hired by another employer but does not terminate until the retiree is eligible for Medicare. Therefore, the retiree would be eligible to receive the Health Benefit in retirement when the retiree is not eligible for other health coverage. Mr. Kitchen also noted that he believed that, if challenged legally, the policy would be interpreted in the retiree's favor and against the government because this is probably a vested right of the employee. If it is a vested right, ONWASA would probably be required to provide healthcare coverage for the retiree no matter how it is written. Within his legal opinion letter of November 2, 2021, Mr. Kitchen also noted that the CEO has contractual rights which give him credit for his prior years of service as it applies to the ONWASA retiree health insurance benefit.

Mr. Kitchen noted that it is not certain that the retiree health benefit of ONWASA constitutes a vested right under the Contract Clause of the United States of America, art. I, Section 10. An analogous case is currently pending in the North Carolina Supreme Court for the State of North Carolina retirement system. Mr. Kitchen stated that he believes it would be very dangerous to reduce it right now.

Mr. Kitchen then reported on the current language of the existing Personnel Policy, which is incorrect. ONWASA became a member of the State of North Carolina health insurance program several years ago, but did not modify the Personnel Policy at the same time. The problem with the Personnel Policy, as currently written, is that it states that when an ONWASA employee retires in accordance with the policy the employee will be provided health insurance in retirement under the ONWASA group health plan. Under the State of North Carolina group health plan this is not possible. The State Health Plan does not allow coverage of local government retirees, only active duty local government employees. ONWASA must purchase separate individual health insurance policies for retirees.

Mr. Kitchen had prepared amendments to Section 10-4 of the ONWASA Personnel Policy to bring the language of the policy in-line with the requirements and limitations of the State Health Plan. Specifically, he recommended that the language regarding coverage of retirees under the ONWASA group plan be replaced with language that retirees would receive "substantially equivalent" insurance to that received by active-duty ONWASA employees. He states that this language, he believes, would prevent lawsuits.

Mr. Kitchen then reported to the board that a second proposed amendment to that section of the Personnel Policy was to change the language to make it clear what happens if a person retires and becomes eligible for ONWASA retiree health benefits, then becomes eligible for health insurance as a benefit of a different job, then separates from the other employer for whatever reason. Mr. Kitchen stated that in that event, the retiree is still under the ONWASA retiree health insurance plan. He does not interpret that as a modification of existing benefits, but seeks to clarify the language of the existing policy. Mr. Kitchen then paused for questions from the Board.

Director Turner asked Mr. Kitchen if the retiree became eligible to be covered under the retiree's spouse's healthcare benefit would that result in a suspension of the ONWASA retiree health benefit. Mr. Kitchen responded, no. It does not work that way because everyone is eligible for health insurance if you purchase it. If that were the case, then the ONWASA retiree benefit would be meaningless. The courts would not interpret a governmental policy to be meaningless. It is a rule of interpretation. This should not be an issue under proper statutory interpretation.

Secretary/Treasurer Bennett asked Mr. Kitchen how ONWASA would know if a retiree was eligible for another health plan. Mr. Kitchen responded that the retiree is required to report it to ONWASA.

Director Hines asked about the section of the policy that stated that the Directors have the authority to amend the retiree health benefit. He asked what protection do the retirees currently under the retiree health benefit have? Mr. Kitchen answered that he does not know whether, as a board, the policy could be changed in the future. It depends on the court's interpretation of whether this is a vested right or a property right. No one knows the answer to that question at this time. But certainly, the benefit cannot be reduced if the individual pays a portion of the benefit.

Vice Chairman Conner stated that he understands amending a benefit as being applicable to persons moving forward from a certain date, such as new hires, rather than persons already covered by an existing benefit. Mr. Kitchen noted that new hires to ONWASA are not covered by this policy.

Chairman Bittner asked if employees pay a portion of their health coverage at this time. CEO Jeffrey Hudson replied that they do pay what is prescribed by the State Health Plan. CHRO Joetta Guist answered that the employees pay fifty dollars per month, and more if they do not sign the tobacco attestation.

There being no other questions, Chairman Bittner asked for a motion. Director Pat Turner made the following motion: Motion to accept the legal opinion of the

Authority Attorney and to affirm that the opinion of the Attorney is the correct will and intent of the Board as it relates to affected personnel and the proposed amendment to the ONWASA Personnel Policy to clarify personnel benefits. Director Joanne McDermon seconded the motion. There was no further discussion. The motion passed unanimously.

3. Chief Executive Officer Comments

[A COPY OF JEFFREY HUDSON'S NOTICE OF RETIREMENT LETTER MAY BE FOUND AT EXHIBIT D AND ARE FULLY INCORPORATED HEREIN BY REFERENCE.]

Chairman Bittner asked CEO Jeffrey Hudson if he had any comments. Mr. Hudson proceeded to read a letter to the Board of Directors, in which he stated that relying upon the legal opinion of the Authority Attorney and the affirmation of the Board of Directors during this meeting of the Attorney's legal opinion and clarifications of the board to the language of the ONWASA Personnel Policy he hereby gives his notice of retirement to the Board, with an effective date of Tuesday, March 1, 2022. His last date of employment with ONWASA would be Monday, February 28, 2022. Mr. Hudson specifically commended each member of the ONWASA leadership team and thanked the Board of Directors for their support over the past five years.

4. Board of Director's Comments

Chairman Bittner stated that at the meeting in December the Board should talk about the process of recruitment. That would be on the agenda for December 16, 2021. The Chairman then asked the Directors if they had any comments.

With the sole business item having finished, Director McDermon indicated that she had to be excused from the meeting, but thanked CEO Hudson for everything he has done.

Director Turner thanked Mr. Hudson for everything he has done and hated to see him leave.

Director Hines indicated that he also appreciated Mr. Hudson for everything he has done for the county, the Town of Holly Ridge, and ONWASA.

Director Bennett stated that he appreciated Mr. Hudson and hated to see him go.

Vice Chairman Conner stated that he hated to see Mr. Hudson go, but appreciated the chance to work with Mr. Hudson. Director Conner also noted that he appreciated Mr. Kitchen's wording, as he opined upon the ONWASA policy.

Director Foster commented that Mr. Hudson has done a wonderful job no matter what he has done, he puts his mark on it. He offered Mr. Hudson his congratulations.

Chairman Bittner then commented that he had been on the ONWASA Board for all but 2 years of its existence and had worked with many ONWASA Directors. Mr. Hudson is the cream of the crop, is head and shoulders above others and has fulfilled the duties of the role in fine fashion having enacted many improvements for the benefit of the organization. He wished Mr. Hudson best wishes for the future.

5. **Adjournment:** - Within nothing else to come before the board, the Chairman entertained a motion to adjourn. Vice Chairman Conner made the motion to adjourn. The motion was seconded by Director Bennett. With no discussion, the motion passed unanimously, and the meeting was adjourned by the Chairman at 6:25pm.

The minutes were approved on December 16, 2021.

Onslow Water & Sewer Authority Board of Directors

Jerry A Bittner

Jerry Bittner, Chairman



Paul Conner

Paul Conner, Vice Chairman

ATTEST:

Heather Norris

Heather Norris, Clerk



Kitchen Law, PLLC

Attorneys and Counselors At Law
www.ktlawnc.com

S. C. Kitchen, Attorney

November 2, 2021

Jerry Bittner
Chairman
ONWASA
228 Georgetown Rd.
Jacksonville, NC 28540

Re: Retiree insurance benefits

Dear Mr. Bittner:

I have been asked to opine on two questions regarding the retiree insurance benefit provided under section 10-4 of the ONWASA Personnel Policy. The two questions are as follows:

- 1) if a person retires from ONWASA under the provisions of the North Carolina Local Government Employee's Retirement System in accordance with the provisions of Section 10-4 of the Personnel Policy, when do the insurance benefits stop; and
- 2) if a retiree goes to work for another employer who provides insurance benefits, but later leaves that employment, is the retiree reinstated in the ONWASA retiree insurance program?

The applicable provisions of the Policy are as follows:

Retirement Health Care Benefits

These benefits are only provided to employees hired prior April 17, 2014 and will not be provided to employees hired on or after April 17, 2014.

Email: ckitchen@ktlawnc.com
Telephone: 888.308.3708 / Facsimile: 888.308.3614
920-C Paverstone Drive
Raleigh, NC 27615

-2-

Any ONWASA employee that retires with ten (10) consecutive years of service with ONWASA and who retires from ONWASA under the provisions of the North Carolina Local Government Employee's Retirement System shall be allowed continuance under ONWASA's medical coverage until they are eligible for other health coverage or Medicare. This would include the months required under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, with amendments. Spouses of employees who retire may elect to continue purchasing health care coverage until the spouse is eligible for other health coverage or Medicare during the term the employee is eligible for this benefit.

Qualifications for Retiring Employees to Receive Insurance Benefits:

An employee shall qualify for retiree insurance benefits providing the following criteria are met:

1. Employee must be eligible to receive retirement from the North Carolina Local Government Employee's Retirement System. Retirement may be of any type.
2. Employee must have at least 10 consecutive years of ONWASA employment immediately preceding retirement.

Description of Benefit:

If the above criteria are met, the retiring employee will be covered on the ONWASA group plan until they are eligible for other health coverage or Medicare. Once the employee is eligible to be covered by Medicare, ONWASA will cease providing this medical benefit. At no time will ONWASA bear any insurance costs other than that of the retired employee, other than an HRA supplement which is offered in the sole discretion of the Board of Directors and may be amended or modified at any time.

Benefit Limitations:

1. Once the retired employee reaches the age in which they are eligible to apply for Medicare this medical benefit shall terminate.
2. All covered retiring employee(s) will be required to report any other group medical coverage which they have at the time of retirement or which they may obtain subsequent to retirement.
3. Failure to report other coverage will be considered justification for ONWASA to immediately terminate ONWASA retiree medical coverage.
4. No employee who is terminated involuntarily will be eligible for this benefit.

-3-

5. Based upon the annual Budget Review process, ONWASA may amend, adjust or eliminate this benefit any time without notice.

The Retirement Health Care Benefits are provided in Article X, Section 4 of the ONWASA Personnel Policy as set forth above. Provided the retiree meets the qualification provisions of the Policy, the retiree receives the same medical coverage as a regular employee until they "are eligible for other health coverage or Medicare." So, if a retiree goes to work for another employer who offers health insurance, then the ONWASA insurance ceases regardless of whether or not the retiree elects to receive the insurance benefit. The benefit ceases entirely upon the retiree's eligibility for Medicare, unless the Board decides to provide a Medicare supplement.

The second issue is less clear on the face of the policy, but in my opinion, if the retiree left subsequent employment, and therefore no longer had other health care coverage, the retiree would be entitled to resume coverage under the ONWASA Retirement Health Care Benefit. While the Policy provides that the retiree is covered under ONWASA's group health plan until the retiree is eligible for other health coverage or Medicare, the Policy states that the medical benefit continues until "the employee is eligible to be covered by Medicare..." While the benefit may cease to be operative when the retiree is hired by another employer, the benefit does not terminate until the retiree is eligible for Medicare. Therefore, the retiree would be eligible to receive the Health Benefit when the retiree is not eligible for other health coverage.

It is not certain if this Benefit constitutes a vested right under the Contract Clause of the United States of America, art. I, § 10. If it does, the Benefit could not be reduced for current employees. If it does not, the Board could elect to change the benefit in the future. An analogous case is currently pending in the North Carolina Supreme Court entitled *Lake v. State Health Plan for Teachers and State Employees*. This case should answer that question.

Additionally, the current CEO has contractual rights which give him credit for his prior years of service as it applies to this policy.

Please let me know if you have any questions.

Sincerely,



S. C. Kitchen

xc: Board of Directors
Jeff Hudson, CEO

AMENDMENT TO PERSONNEL POLICY TO CLARIFY
RETIREMENT HEALTH CARE BENEFITS

WHEREAS, ONWASA has elected to provide a health care benefit to certain employees;
and

WHEREAS, the method of providing health insurance to ONWASA employees has
changed since the adoption of the policy; and

WHEREAS, the Board of Directors desires to clarify that benefit without making any
substantive changes in the benefit.

NOW, THEREFORE, THE BOARD OF DIRECTORS FOR THE ONSLOW WATER
AND SEWER AUTHORITY DO TH RESOLVE:

1. Article X, Section 4 of the Onslow Water and Sewer Authority Personnel Policy reads
as rewritten:

Retirement Health Care Benefits

These benefits are only provided to employees hired prior April 17, 2014 and will not be
provided to employees hired on or after April 17, 2014.

Any ONWASA employee that retires with ten (10) consecutive years of service with ONWASA
and who retires from ONWASA under the provisions of the North Carolina Local Government
Employee's Retirement System shall be provided with an insurance policy substantially
equivalent to ONWASA's medical coverage for employees unless they are eligible for other
health coverage or Medicare. This would include the months required under the Consolidated
Omnibus Budget Reconciliation Act (COBRA) of 1985, with amendments. Spouses of
employees who retire may elect to continue purchasing health care coverage until the spouse is
eligible for other health coverage or Medicare during the term the employee is eligible for this
benefit.

Qualifications for Retiring Employees to Receive Insurance Benefits:

An employee shall qualify for retiree insurance benefits providing the following criteria are met:

1. Employee must be eligible to receive retirement from the North Carolina Local
Government Employee's Retirement System. Retirement may be of any type.
2. Employee must have at least 10 consecutive years of ONWASA employment
immediately preceding retirement.

Description of Benefit:

If the above criteria are met, the retiring employee will be provided with health insurance which is substantially equivalent to the ONWASA group plan in effect for employees unless they are eligible for other health coverage or Medicare. If the retired employee becomes eligible for another health coverage benefit and this Benefit ceases, but later the retired employee is no longer eligible for that or other health coverage, the retired employee may resume coverage under this Benefit unless the retired employee is eligible for other health coverage or Medicare. Once the employee is eligible to be covered by Medicare, ONWASA will cease providing this medical benefit. At no time will ONWASA bear any insurance costs other than that of the retired employee, other than an HRA supplement which is offered in the sole discretion of the Board of Directors and may be amended or modified at any time.

Benefit Limitations:

1. Once the retired employee reaches the age in which they are eligible to apply for Medicare this medical benefit shall terminate.
 2. All covered retiring employee(s) will be required to report any other group medical coverage which they have at the time of retirement or which they may obtain subsequent to retirement.
 3. Failure to report other coverage will be considered justification for ONWASA to immediately terminate ONWASA retiree medical coverage.
 4. No employee who is terminated involuntarily will be eligible for this benefit.
 5. Based upon the annual Budget Review process, ONWASA may amend, adjust or eliminate this Benefit any time without notice.
2. This Amendment shall be effective on passage.

This the 4th day of November, 2021.

Jerry Bittner
Jerry Bittner, Chairman

Attest:

Heather Norris

Heather Norris, Clerk



EMPLOYMENT AGREEMENT

THIS AGREEMENT made and entered into as of July 22, 2016, by and between the Onslow Water and Sewer Authority, a political subdivision of the State of North Carolina, hereinafter called "Employer", and Jeffrey Hudson, hereinafter called "Employee", both of whom understand as follows:

WITNESSETH

WHEREAS, the Employer has appointed the Employee to serve as the Executive Director (CEO) of the Onslow Water and Sewer Authority; and

WHEREAS, in his positing as the Executive Director, Employee will serve at the pleasure of the Employer appointing board; and

WHEREAS, it is the desire of the Employer to:

- (i) secure and retain the services of Employee and to provide inducement for him to remain in such employment;
- (ii) to make possible full work productivity by assuring Employee's morale and peace of mind with respect to future security; and
- (iii) to provide a just means for terminating Employee's services at such time as he may be unable to fully discharge his duties for any reason or when Employer may otherwise desire to terminate his employ.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1. Effective Date. Employee shall begin work on December 5, 2016, and shall assume the position responsibilities and duties as Executive Director (CEO) effective on January 1, 2017. During the period between December 5, 2016 and December 31, 2016, Employee shall be designated the Incoming Executive Director and shall meet regularly with the current Executive Director, and shall do whatever is necessary to familiarize himself with the ongoing operations of ONWASA to ensure continuity in the administration of ONWASA.

Section 2. Duties. Employee shall perform all duties of an executive director (CEO) of a North Carolina water and sewer authority as provided by law consistent with the direction, consent, and authority of the Employer, and any other lawful duties as may be assigned and directed to him from time to time by the Employer.

Section 3. Term. This employment agreement shall be deemed to be continuing in nature unless and until the Employer or Employee shall terminate it as hereinafter provided. As an employee serving at the will and pleasure of the Employer, it is understood that the Employer may terminate the employment provided for herein at any time, with or without cause.

Section 4. Termination and Severance pay. In the event Employee is terminated by the Employer without cause other than it being the will and pleasure of the Employer, and Employee is willing and able to perform his duties under this Agreement, then in that event Employer agrees to pay Employee a lump sum amount equal to three times the Employee's then existing monthly base salary. After three years from the date of this Agreement, in the event the Employee is terminated by the Employer without cause other than it being the will and pleasure of the Employer, and Employee is willing and able to perform his duties under this Agreement, then in that event Employer agrees to pay Employee a lump sum amount equal to four times the Employee's then existing monthly base salary.

The Employer may terminate this agreement for cause upon the Employee's malfeasance; neglect of duty; dishonesty; the employee's conviction for a crime directly or indirectly involving his employment (other than a traffic violation) or any crime involving dishonest, corruption, baseness or depravity; the Employee's conviction of a felony; an act of moral turpitude directly and substantially impairing his ability to reasonably perform his duties; an act contrary to his employment involving personal gain to him; an act which is injurious to the political or economic well-being of the Employer; or for any act in violation of this employment agreement. In that event, Employer shall have no obligation to pay severance in any amount or for any reason.

Section 5. Death or Disability. If Employee becomes permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, mental incapacity, or health for a period beyond any accrued leave or family or medical leave benefits, Employer shall have the option to terminate this Agreement subject only to compensation to Employee of all accrued benefits to which he is at that time entitled. Death of the Employee shall automatically terminate this Agreement subject only to compensation to Employee's estate of all accrued benefits at that time.

Section 6. Salary. Employer agrees to pay Employee for his services rendered pursuant hereto an initial base salary of \$131,919, which may be periodically adjusted as provided for herein. Employee will receive payments in installments at the same time as other employees of the Employer are paid.

Section 7. Hours of Work. Because of the unique nature of this employment, it is recognized that Employee will be required to devote time outside the normal office hours of business of the Employer. To the extent practicable, the Employee will be expected and encouraged to adhere to the normal office hours established for the Employer.

Section 8. Residency. The Employee shall reside within the corporate limits of Onslow County during the pendency of this Agreement.

Section 9. Outside Activities. Employee may not engage in other work activities without prior approval of Employer.

Section 10. Cell Phone. Employer shall provide reimbursement of up to \$300 for the purchase of a smart phone for use by Employee. The phone shall be and remain the property of the Employer. The Employee shall be reimbursed the sum of \$100.00 per month for a cell phone plan.

Section 11. Automobile. Employee's duties require that he shall have the exclusive and unrestricted use at all times of an automobile. Employer agrees to compensate Employee the sum of \$500.00 per month for use of his personal vehicle for Employer's business.

For said vehicle allowance, Employee shall be responsible for providing a vehicle in good appearance and operating condition for the conduct of Employer's business, be responsible for paying for liability, property damage and comprehensive insurance and for the purchase, operation, maintenance, repair and regular replacement of said automobile.

Section 12. Benefits. The provisions of the Employer's personnel rules and regulations relating to the amount of vacation and sick leave, holidays, retirement system, cell phone reimbursement and other fringe benefits and working conditions as they now exist or hereafter may be amended, shall apply to Employee, in addition to said benefits enumerated specifically for the benefit of Employee as herein provided in this Agreement.

For purposes of accrual of vacation leave and sick leave, retirement benefits as provided by Section 10-4 of the ONWASA Personnel Policy adopted on April 17, 2014, and longevity pay, Employee shall be given credit for his prior years of creditable governmental service as evidenced by his number of years in the Local Government Retirement System and Teachers' and State Employees' Retirement System.

Section 13. Performance Appraisal. Each year, the Employer and Employee will develop an annual work plan. The performance criteria reflected in these work plans will be the basis for the performance appraisal. On or about April of each year of employment, the Employer shall conduct with the Employee an evaluation of his work performance during the immediately preceding year. Failure to conduct this annual evaluation shall not be a default hereunder.

Section 14. Notice of Termination. In the event that Employee accepts employment or otherwise intends to terminate his services to the Employer, he shall give at least 30 days notice of his intention to do so prior to his last day of employment. Failure to give this notice shall result in a forfeiture of the Employees right to any payment for accrued vacation pay.

In the event that the Employer intends to terminate the services of the Employee without cause, it shall give at least 30 days notice of its intention to do so. In the alternative, the Employer may elect to pay the Employee an amount equal to his then existing compensation for the thirty day period. This payment shall be in addition to the amount, if any, set forth in Section 4 above. Termination for cause by the Employer does not require any advance notice.

Section 15. Return of Property. Upon termination of employment, Employee shall return to Employer any and all records, physical or electronic, regarding the business or Authority. Further, Employee shall return to Employer all equipment or property belonging to the Employer.

Section 16. Law Controlling. The laws of the State of North Carolina shall control and govern this contract.

Section 17. Venue. The venue for any dispute involving this Agreement shall be Onslow County, North Carolina.

Section 18. General Provisions. The text herein shall constitute the entire Agreement between the parties. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid, or un-enforceable, the remainder of this Agreement, or portion thereof shall not be affected and shall remain in full force and effect.

IN WITNESS WHEREOF, the Onslow Water and Sewer Authority has caused this Agreement to be signed and executed in its behalf by its Chairman and duly attested by the Clerk, and by the Employee in duplicate originals, as of the day and year first above written.



ON SLOW WATER AND SEWER AUTHORITY



Greg Hines
Chairman

ATTEST:

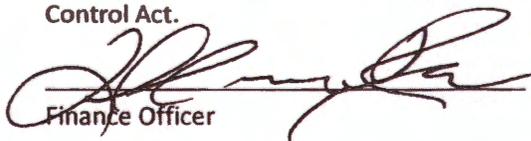


Teresa Stanley
Clerk

Jeffrey Hudson



This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.



Finance Officer

AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement made and entered into as of the 30th day of May 2019, by and between the Onslow Water and Sewer Authority, a political subdivision of the State of North Carolina, and Jeffrey Hudson.

WITNESSETH

WHEREAS, the Onslow Water and Sewer Authority and Jeffrey Hudson entered into an employment agreement dated the 22nd day of July 2016; and

WHEREAS, the parties to said agreement now wish to modify one of the terms of the agreement.

NOW, THEREFORE, in consideration of the continued employment of Jeffrey Hudson and such other consideration as previously stated, the parties agree as follows:

1. Section 12, entitled "Benefits" in the agreement between the parties is amended to read as follows:

Section 12. Benefits. The provisions of the Employer's personnel rules and regulations relating to the amount of vacation and sick leave, holidays, retirement system, cell phone reimbursement and other fringe benefits and working conditions as they now exist or hereafter may be amended, shall apply to Employee, in addition to said benefits enumerated specifically for the benefit of Employee as herein provided in this Agreement. Notwithstanding the foregoing, Employee shall be granted an additional eight days or 64 hours of vacation pay on July 1 of each year in addition to that vacation pay provided for in the ONWASA Personnel Policy.

For purposes of accrual of vacation leave, sick leave, longevity pay, and retirement benefits as provided by the ONWASA Personnel Policy in effect on May 30, 2019, Employee shall be given credit for his prior years of creditable governmental service as evidenced by his number of years in the Local government Retirement System and Teachers' and State Employees' Retirement System.

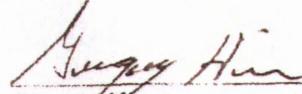
2. The rest and remainder of the agreement shall remain unchanged and in full force and effect.

3. This amendment shall be effective on and after June 1, 2019.

IN WITNESS WHEREOF, the Onslow Water and Sewer Authority has caused this Agreement to be signed and executed on its behalf by its Chairman and duly attested by the Clerk, and by Jeffrey Hudson in duplicate originals, as of the day and year first above written.

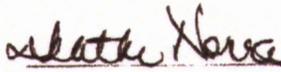


ON-SLOW WATER AND SEWER AUTHORITY



Gregory Hines
Chairman

ATTEST:



Heather Norris
Clerk to the Board



Jeffrey Hudson

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.



Tiffany Riggs
Chief Financial Officer

November 4, 2021

The Honorable Board of Directors
Onslow Water and Sewer Authority
228 Georgetown Road
Jacksonville, NC 28540



O: 910.455.0722

F: 910.347.0793

onwasa.com

228 Georgetown Rd
Jacksonville, NC 28540

RE: Notice of Retirement

Dear Directors:

Relying on the legal opinion of the Authority Attorney regarding retiree insurance benefits dated November 2, 2021, as well as the official affirmation of that opinion by the Board of Directors of ONWASA at the public meeting of the Board on November 4, 2021, I respectfully tender this notice of retirement to the ONWASA Board of Directors.

I thank the Board for granting me contractual retiree health benefits upon my hire, as well as the Director's actions today in clarifying personnel policy language as it relates to retire insurance benefits for all eligible employees.

I cannot adequately express my appreciation to the Board for your support and encouragement over the past five years. It has meant the world to my family and myself. Nor can I express sufficient appreciation to the public servants of ONWASA who have embraced change, worked through disasters, and made measurable improvements in nearly every area of the enterprise. I specifically commend to you the Leadership Team: Ms. Norris, Ms. Riggs, Mr. Mohr, Mr. Bergman, Mr. Padgett, Mr. Brown, and Ms. Guist. Each are remarkable professionals in their own fields and our community is fortunate to have them.

As I leave the Authority, I am pleased that major infrastructure projects are under design or construction and that we have developed a corporate culture that places customers first. I will never forget the wonderful times I have experienced at ONWASA. I will always be an advocate of this utility and will happily help in the future as I am able.

To allow time for a systematic and productive transition between myself and my successor, I will apply to the Local Government Retirement System for an effective retirement date of Tuesday, March 1, 2022. My last day with ONWASA will be Monday, February 28, 2022.

May God Bless and Keep You,

Jeffrey Lee Hudson
Chief Executive Officer

cc: HR Permanent File