



**Bedford County Public Service Authority – Board of Directors
Regular Board Meeting – Minutes
November 15, 2011**

A regularly scheduled meeting of the Board of Directors of the Bedford County Public Service Authority (“Authority”) was held on Tuesday, November 15, 2011 in the Board Meeting Room in the Authority’s Annex building located at 1723 Falling Creek Road in Bedford County.

Members Present:..... Jerry Falwell, Jr. – District 5 – Chairman
Carl Wells – District 3 – Vice Chairman
Gerald Foutz – District 1
Bob Flynn – District 2
Thomas Segroves – District 7

Members Absent:..... Roger Hessenius – District 4
Annie Pollard – District 6

Staff Present: Brian Key – Executive Director
Jill Underwood – Financial Manager
Megan Rapp – Administrative Assistant

1. Call to Order:

The meeting was called to order by the Chairman at 7:01 pm.

2. Review of Agenda:

The following agenda was reviewed as shown below:

1. Call to Order
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: October 18, 2011 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. Financial Statements through month end October 2011
6. Director’s Report: Presented by Brian Key
 - a. Project Activity Reports
 - b. Customer Service Statistical Summary
 - i. Review of new services being offered
 - c. Resolution 201111-01: Legal Counsel Conflict Release
 - d. Review of Water and Sewer Committee Meeting – October 28, 2011
 - e. Camp24 Property – Letter dated November 4, 2011
7. Other business not covered on the above agenda
8. Motion to Adjourn

3. Public Comments

There were no speakers present during the public comment period.

4. Approval of Minutes:

a. The regular Board Meeting Minutes from October 18, 2011 were reviewed.

Mr. Segroves made a motion to approve the minutes as written. Mr. Foutz seconded the motion.

- Board member votes: 4 Aye 0 Nay. The motion passed.

5. Financial Report:

Jill Underwood, Financial Manager, presented the following information.

a. Mrs. Underwood reviewed some of the details pertaining to the financial reports for the period ending October 2011. The targeted budget goal for October was 34%; operating revenues were 33%, and operating expenditures were 28%. Facility fees for October were \$26,250 and facility fee transfers are continuing. Several accounts are running over budget for expenses but on a whole expenses are under budget. A small amount of money was spent on capital projects in October. Mrs. Underwood explained that line 4120 "Information Systems Expense" on the Statement of Revenue and Expenses is over budget because of annual support contracts that are paid once a year. Although it is over budget for the month it should not be over budget for the year.

Morgan Keegan is working aggressively on the financial study requested and a draft will be given to the Authority on November 16, 2011. The report is on schedule to be finished by the end of the calendar year. Mr. Flynn asked if the final report will be made public; Mr. Key answered that the board can decide what to do with the report after reviewing the analysis.

Questions were asked about specific topics and were answered by Mrs. Underwood and Mr. Key to the satisfaction of the board.

Mr. Falwell arrived towards the end of the financial report discussion at 7:15pm.

6. Director's Report:

Brian Key, Executive Director, presented the following information.

a. Project Activity Reports: The project reports were provided for the board in their packet. Representatives from Wiley|Wilson and Anderson & Associates were in attendance and were available to answer questions. There are very few "Projects Under Construction" for the year; of the four on the list only two are fairly active. The "Projects Under Review" category of the report shows a few projects beginning in 2011, and a few of the projects from previous years finishing up. There is not a lot of construction planned for the next few months but connections are on the rise, although still below budget. Developer contributions have been almost non-existent recently. About a year ago the board approved taking over the system Lake Forest Water System (2010-076) and just this month approval came from State Corporation Commission. The system is now property of the Authority, effective November 14, 2011.

Mr. Key answered all questions and concerns to the satisfaction of the board.

b. Customer Service Statistical Summary: Mr. Key presented the statistical summary for the customer service report containing data from November 2010 to October 2011, with the most current month's data located in the far-right column. Mr. Key pointed out that number of customers receiving electronic statements are rising. Although only two customers signed up for the statements in October, in the beginning of November a notice was sent to customers announcing the new service.

Presently approximately 55 people are signed up. Once 365 customers have signed up the Authority will begin to save money through the use of electronic statements. Mr. Key gave a short demonstration of what the electronic statements look like for customers through their email and on the electronic statement web page.

Mr. Key answered all questions and concerns to the satisfaction of the board.

- c. Resolution 201111-01, releases the Authority's legal representative Mr. Sam Darby from any legal counsel conflict in regards to his association with both the Authority and Bedford City in regards to reversion. Mr. Darby was picked for the project for his expertise and experience in merging water utilities. It was stated that Bedford City and Bedford County would like this resolution signed before they hire Mr. Darby. The Board was made aware that Mr. Darby was available by phone if they needed to consult with him.

201111-01

At a regular meeting of the Bedford County Public Service Authority Board of Directors, held in the Board Meeting Room at the Bedford County Public Service Authority Administrative Annex Building on the 15th of November 2011, beginning at 7:00pm:

WHEREAS, by Voluntary Settlement of Transition to Town Status and Other Issues Between the City of Bedford and the County of Bedford entered into September 14, 2011 (the "Reversion Agreement"), Exhibit 7 of which is attached to and incorporated within this resolution, contemplates that a new independent regional public service authority will be formed for the supply, treatment, distribution and transmission of water and the collection and treatment of waste water in the two jurisdictions; and,

WHEREAS, the new public service authority is currently proposed to be named the Bedford Regional Utility Authority; and,

WHEREAS, the Reversion Agreement contemplates that the Bedford Regional Utility Authority will accept the assets and liabilities of the water and wastewater utility systems of the City of Bedford and of the Bedford County Public Service Authority; and,

WHEREAS, such a agreement would result in the Bedford County Public Service Authorities transferring all of its assets and liabilities and terminating its existence; now,

THEREFORE, BE IT RESOLVED, by the Board of Directors of the Bedford County Public Service Authority, that:

- 1. It hereby waives any conflict of interest that may arise in the course of the representation by Glenn, Feldmann, Darby & Goodlatte of the City of Bedford and Bedford County, Virginia, strictly in accordance with the rules of the Virginia State Bar and specifically, Rule 1.7(b), based and in reliance on the representation of Harwell M. Darby Jr., member of Glenn, Feldmann, Darby & Goodlatte, that:

- A. He reasonably believes that he will be able to provide competent and diligent representation to the Bedford County Public Service Authority, the City of Bedford and Bedford County, Virginia, and;
- B. The representation is not prohibited by law.

- 2. It hereby declares that it presently intends to cooperate in the establishment of the Bedford Regional Utility Authority and in the transfer of all of its assets and liabilities to the Bedford Regional Utility Authority and the liquidation and termination of the Bedford County Public Service Authority.

Mr. Wells made a motion to approve this Resolution #201111-01. Mr. Foutz seconded the motion.

- Board Member Votes 5 Aye 0 Nay. The motion passed.

- d. Review of Water and Sewer Committee Meeting – October 28, 2011
The first item on the agenda was connection discounts, whose purpose is to encourage new connections, particularly well disconnects and properties that have been waiting to develop. The committee recommended a \$400 discount for connection fees, and also a \$200 account credit to customers that have the meters

installed before the end of the fiscal year. A draft letter for property owners was included in the board packets. The VRA previously approved the connection discount, but they will have to give approval of the credit option. If the board approves the discount and credit, the goal will be to send the letters out in January 2012 with an April deadline. Mr. Segroves expressed his concern about having discounts become routine. Mr. Key responded that the committee discussed this, and it influenced the decision to make the discount different this year (last year there was a \$500 discount on connections alone). Last year about 30 connections were made as a result of the discount. This year more people will be contacted for this opportunity. The Authority sees this as a way to complete the goal set forth in the annual report to increase connections.

- On the recommendation of the committee the board voted 5 Aye 0 Nay. The connection discount and credit were approved.

Cedar Rock – The Cedar Rock subdivision in Forest requested the Authority take ownership of their private wastewater system. The committee recommended that the Authority take ownership of the private system, provided that it didn't cost more to operate than the fees it generated, and that it didn't create a significant burden or liability on the Authority staff. Staff was directed to further evaluate the system, and make the determination on whether it would be financially sound to take ownership or not. Once the analysis is completed (by December) it will be brought to the board to make a decision.

Mandatory Connection Waiver – A letter was received from Luis Rivera who recently bought property in Brookstone and would rather drill a well than connect to the system based on health reasons. A meter setting is already in place and the property fits into the mandatory connection policy, although it is possible to obtain a waiver after review from the Water and Sewer committee. The committee recommended that the customer be allowed to drill a well but still require the customer to connect to the Authority with all regular connection fees and user fees being paid. This would allow for the property owner to meet his needs, and the Authority to meet its financial needs and bond covenants as well.

- On the recommendation of the committee the board voted 5 Aye 0 Nay. The mandatory connection waiver was approved.

Capital Improvement Program – The first draft of the CIP has been put together and the committee spent time reviewing the projects on the plan. Mr. Key desired to go over the direction of the report with the board to make sure that the Authority is fulfilling the wishes of the board. There are \$78 million dollars of projects that the Authority would like to do and the current draft of the CIP prioritized these projects through a scoring process. The highest scoring projects made the final list provided in the packet. Using the prioritizing and scoring process allowed the Authority to break the projects into 10 year blocks. There are two options on how to approach budgeting for CIP projects. One option is a proactive approach, currently shown in the CIP, is to set aside money each year to fund specific projects. The other option is taking on the full project and paying the debt services and hoping facility fees will cover it. Also, in the long term, many of the projects will help pay for themselves.

Mr. Flynn liked the idea of the 10 year plan because it brings the Authority's stability into the new authority. On the other hand, Mr. Segroves wished to be careful on what the Authority commits to because of reversion. In response to this, Mr. Key stated that the CIP projects would be approved year by year through the budget process. Mr. Segroves suggested taking out the tank maintenance from the CIP and moving it

into the normal operating budget. The board agreed that they liked the presented CIP with the removal of a few projects moved to future operating budgets.

Moneta Water Treatment Plant – Based on the recommendations in the Lakes-Bedford-Forest Preliminary Engineering Report, and the approval letter for that report from the Virginia Department of Health, a proposal was solicited from Wiley|Wilson to prepare a report on the treatability options for a new water treatment plant. Based on a conflict of interest Wiley|Wilson respectfully declined and Anderson & Associates was asked to prepare a proposal to create the report. Authority staff is trying to get everything in place to build a a redundant water supply as required in the reversion document.

Strategic Planning – The strategic plan timeline was initially set to be finished by the end of the calendar year. It has come up within the board that the scope of the project should be expanded, although this would delay the completion of the plan. Two timelines were provided to the board in the board packet. One option shows the plan finished by February 2012 and the other option indicates a longer timeline, finishing in September 2012. The biggest change to the plan is allowing time to solicit public comments and stakeholder feedback. Soliciting this feedback takes more time that cannot be completed in the calendar year. Mr. Key believes that the report would be more complete and comprehensive with public feedback, and the committee recommended expanding the scope of the strategic plan. Mr. Flynn stated he was not in favor of expanding the plan as it would become too chaotic. He thought that the strategic plan should be internal and not external. Mr. Falwell and Mr. Foutz agreed. Mr. Key spoke on behalf of the committee that it could be a public relations tool to allow the public to speak their opinions, although he expects that the public feedback would most likely be in line with the internal report. Mr. Wells said that the more the public knows about what the Authority is planning to do the more the chance the public has in buying into the plan. Mr. Foutz stated that he still thought that the original plan still allowed the public to be a part of the plan. The board agreed to keep the original scope of the project.

- e. Camp24 Property – A follow-up letter was sent to the Board of Supervisor's about the Authority's request for 50 acres of land at the Camp24 site for a future water treatment plant. The letter gave more details about why the Authority is asking for the land and outlined the exact portion of land the Authority would like. No response to the letter has been received.

7. Other business not covered on the above agenda.

None

8. Motion to Adjourn:

There being no further business to discuss, Mr. Segroves made a motion to adjourn and Mr. Wells seconded the motion.

- Board member votes: 5 Aye 0 Nay. The motion passed.

The meeting adjourned at approximately 8:39 pm.

Respectfully Submitted:

Brian M. Key, PE – Secretary / Treasurer

Jerry Falwell, Jr. – Chairman

Prepared By Megan Rapp – Administrative Assistant
Approved: December 20, 2011