
**Bedford Regional Water Authority – Board of Directors
Regular Board Meeting – Minutes
January 21, 2020**

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Bedford Water”) was held on Tuesday, January 21, 2020 in the Board Meeting Room in Bedford Water’s Annex building located at 1723 Falling Creek Road in Bedford County.

Members Present:..... Bob Flynn, Chair
Michael Moldenhauer, Vice Chair
Cynthia Gunnoe
Elmer Hodge
Thomas Segroves
Walter Siehien
Carl Wells

Members Absent: None

Staff & Counsel Present: . Brian Key – Executive Director
Nathan Carroll – Assistant Executive Director
Jill Underwood – Director of Finance
Megan Aubrey – Director of Administration
Sam Darby – Legal Counsel, GFD&G

1. Call to Order

The meeting was called to order by the Chair at approximately 7:00pm. The Pledge of Allegiance and a moment of silence were conducted.

2. Review of Agenda

The following agenda was reviewed as shown below with *revisions in bold italics*.

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: December 17, 2019 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. Finance Committee Meeting Summary January 14, 2020
 - i. Capital Funding Capacity Study by Davenport & Company
 - ii. Resolution 2020-01.01: ESCO project
 - iii. Budget Schedule
 - iv. Resolution 2020-01.02: Bylaws
 - b. Customer Service Statistical Summary
 - c. Financial Statements through month end December 2019
6. Operations Report: Presented by Nathan Carroll
 - a. Work Order Summary
7. Administration Report: Presented by Megan Aubrey
 - a. Public Relations Information
8. Executive Director’s Report: Presented by Brian Key
 - a. Projects Summary

- b. Resolution 2020-01.03: Burnbridge
- 9. Legal Counsel Report
- 10. Other business not covered on the above agenda
 - a. **Low Pressure Connections on Trents Ferry Road**
- 11. Motion to Adjourn

3. Public Comments

There were no public comments.

4. Approval of Minutes: December 17, 2019 Regular Board Meeting

The regular Board Meeting Minutes from December 17, 2019 were reviewed.

Member Gunnoe made a motion to approve the minutes.

Member Moldenhauer seconded the motion.

- Board member votes: 7 Aye; 0 Nay; 0 Abstain. The motion carried.

5. Financial Report: Presented by Jill Underwood

a. Finance Committee Meeting Summary January 14, 2020

The summary was included in the packets; no review was given by the board.

i. Capital Funding Capacity Study by Davenport & Company

Ted Cole of Davenport & Company presented a summary of the Capital Funding Capacity Study contained within the board packet. Topics reviewed included an overview of key utility credit factors, a look at the peer comparative group, a summary of the BRWA's historical and budgeted financial performance, an analysis of the BRWA's financial strengths, weaknesses, and proposed ESCO project, and an initial prospective of capital funding capacity. These models will be given to staff to manipulate as projects progress or change. Mr. Hodge stated he is happy to see the financial position of the Authority and would be pleased to see the ESCO project move forward. The board discussed the goal debt coverage ratio moving above 1.75 after more projects have been completed.

ii. Resolution 2020-01.01: ESCO project

The resolution is to enter into an agreement for an Investment Grade Audit (IGA) with Schneider Electric. This resolution authorizes the IGA only, not a construction agreement for a complete Energy Savings Performance Contract (ESPC). The IGA will determine what the future energy conservation measures should be and quantify the cost and guaranteed savings of those measures; the IGA cost is not to exceed \$175,000. The fee only becomes due if the Authority elects not to proceed with construction under a future ESPC.

The contract is for two phases. Phase one is the evaluation of the Central WWTP, Central Lift Stations (1,2,3,10), Moneta WWTP, and Central WTP for possible energy savings. Phase two applies only to Central WWTP. The agreement authorizes both phases, and if any projects are added to Phase two, the board would need to approve them prior to proceeding. Mr. Segroves asked how measurable the savings methods are with this project. Mr. Carroll and Mr. Barry Wilhelm from Schneider Electric responded about the tracking ability through electric meters and the guarantee that if the savings are not met, Schneider will cover the difference.

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 21st of January 2020, beginning at 7:00 p.m.

WHEREAS, the Authority has received and reviewed a proposed Investment Grade Audit Agreement (“Agreement”) from Schneider Electric Buildings Americas, Inc., a qualified Energy Services Contractor (“ESCO”) in the Commonwealth of Virginia, to perform an Investment Grade Audit (“IGA”) in order to determine the savings that may be realized through the future execution of an Energy Savings Performance Contract (“ESPC”); and, **WHEREAS**, the Code of Virginia 11-34.3.F, requires that an energy performance-based contract shall include the following provision:

1. *A guarantee by the energy performance contractor that annual energy and operational cost savings will meet or exceed the amortized cost of energy conservation measures. The guaranteed energy savings contract shall include a written guarantee of the qualified provider that either the energy or operational cost savings, or both, will meet or exceed within 20 years the costs of the energy and operational savings measures. The qualified provider shall reimburse the contracting entity for any shortfall of guaranteed energy savings projected in the contract.; and,*

WHEREAS, the cost of the IGA, which is not to exceed \$175,000, will only become due if the Authority does not elect to proceed with an ESPC within 60 days of receiving the ESPC contract following the conclusion of the IGA; and,

WHEREAS, at the regular called meeting on October 15, 2019, the Authority’s Board of Directors received and approved the Finance Committee’s recommendation to request that the Authority’s consultant, Davenport & Company LLC, perform a study and report the impact to the Authority’s debt capacity of the debt required to execute an ESPC within the Financial Study; and,

WHEREAS, the Finance Committee discussed the scope of the proposed Agreement for the ESCO to perform an IGA on January 14, 2020; and,

WHEREAS, the Executive Director will only execute the Agreement following verification that the Virginia Public Procurement Act’s requirements have been satisfied; and,

WHEREAS, at this regular called meeting on January 21, 2020, the Authority’s Board of Directors reviewed the impact of the IGA and proposed ESPC project to the Authority’s debt capacity as shown in the Financial Study; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the Executive Director to execute an agreement with ESCO that is substantially similar to the attached agreement.

On behalf of the Finance Committee, Member Gunnoe made a motion to approve this Resolution.

Being a motion from a committee, no second was needed.

- Board Member Votes: 7 Aye 0 Nay 0 Abstain. The motion carried.

iii. Budget Schedule

The budget schedule was included in the board packet. The rate hearing will be held at the April board morning, with the resolution to advertise the rates presented at the February Board meeting.

iv. Resolution 2020-01.02: Bylaws

Due to the increase in volume for invoices and, consequently, checks that need to be signed, it would be helpful to have all board members available to sign checks and to have Nathan authorized to sign checks if Brian was unavailable.

WHEREAS, the Bedford Regional Water Authority (the “Authority”) is a public service authority formed and existing in accordance with the provisions of Chapter 51 of Title 15.2 of the Code of Virginia, 1950, as amended, the Virginia Water and Waste Authorities Act §§ 15.2-5100-15.2-5159 (the “Act”); and,

WHEREAS, the Authority desires to have a comprehensive set of policies governing the manner in which the Authority conducts its regular business, and the Authority directs that these policies be grouped together into an operating policy manual; and,

WHEREAS, at a meeting that was held on January 14, 2020 the Finance Committee (“Committee”) reviewed changes to Policy 1.30. The Committee has recommended the changes to the policy be presented to and approved by the Board of Directors of the Authority; now,
THEREFORE, BE IT RESOLVED by the Board of Directors of the Bedford Regional Water Authority that the changes to the above noted policy be hereby adopted by the Authority.

On behalf of the Finance Committee, Member Hodge made a motion to approve this Resolution.

Being a motion from a committee, no second was needed.

- Board Member Votes: 7 Aye 0 Nay 0 Abstain. The motion carried.

b. Customer Service Summary Report

Line 20 shows the number of repeated disconnects; for December there were 54 cutoffs (21 repeat: 14 in Town, 2 at Smith Mountain Lake, and 5 in Forest). Customer Service attended a site visit at Mariners Landing with a plumber and a Condominium Association representative to review the remote disconnect meter option.

c. Financial Statements through month end December 2019

Ms. Underwood reviewed some of the details pertaining to the financial reports for the period ending December 2019. The targeted budget goal for December was 50%; operating revenues were 48%, and operating expenditures were 41%. Capital recovery fees received are 44% of the total budgeted amount, with water at 35% and sewer at 75%.

The revenue in account 3903-3275 is for the communication tower at High Point and will be used for the revenue received related to the Broadband project with the County. This revenue is not shared with the County; therefore, it is reported under a separate GL account.

There have been \$20,750 in developer redemptions so far this year; \$18,000 related to the Rucker Road waterline project and \$2,750 for a portion of a water capital recovery fee in Forest.

Ms. Underwood reviewed progress on CIP projects which included the purchase of the skid steer loader, Mariners Landing waterline design, and the Lake Vista PER sewer project.

6. Operations Report: Presented by Nathan Carroll

a. Work Order Summary

More work is being cataloged in SEMS, in particular within the Operations department, and the work order summary reflects the increased count. Mr. Carroll will be updating the summary to provide more detailed information later this year. Mr. Carroll explained that the Rucker Road project is delayed due to having to reschedule the wet tap with another contractor after the water main was found to be eight feet deep.

7. Administration Report: Presented by Megan Aubrey

a. Public Relations Information

Ms. Aubrey reviewed the articles in the board packet, noted a nomination for the BRWA for the Excellence in Business for the Chamber's annual awards, and updated the board on safety film installation.

8. Executive Director's Report: Presented by Brian Key

a. Projects Summary

The projects summary was included in the packet. No questions were asked by the board.

b. Resolution 2020-01.03: Burnbridge

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 21st of January 2020, beginning at 7:00pm

WHEREAS, the Authority received a request from Doyle Allen and Thomas E. Scott ("Developers") for prepayment credits in the amount of \$162,000 per the Prepayment Policy 4.40 for the reimbursement of construction expenses for approximately 2,400 linear feet of 8-inch sewer line located adjacent to Burnbridge Road in Forest, Virginia ("Project"); and, **WHEREAS**, on March 25, 2019, the Bedford County Board of Supervisors authorized \$100,000 from the Cellular Lease Revenue Sharing fund to help fund this Project; and, **WHEREAS**, in their regular called meeting on April 4, 2019, the Bedford County Economic Development Authority ("EDA") authorized \$50,000 to help fund this Project; and, **WHEREAS**, the Developers and property owners ("Contributors") adjacent to the sewer line extension are entering into Escrow Agreements with the EDA and contributing funds toward the Project construction in a combined amount of up to \$162,000; and, **WHEREAS**, the Prepayment Policy states that "Each project proposed for reimbursement shall be evaluated by the Board of Directors on a case by case basis...". The Board of Directors, and that the Policies and Projects Committee has reviewed the request at a Committee meeting that took place on December 13, 2018 and the Committee recommended approval of the issuance of the credits requested by the Developers; and, **WHEREAS**, the Prepayment Policy states that "After the Board of Directors gives approval for a project to have prepayment credits issued, the credits must be issued within one (1) year or the agreement will be void"; the Board of Directors authorized the issuance of prepayment credits for the Project on January 15, 2019 in Resolution 2019-01.01 that became void on January 15, 2020; now, **THEREFORE, BE IT RESOLVED**, that the Board of Directors does hereby authorize the Executive Director to execute agreements with the Developers and Contributors of this Project for the issuance of prepayment credits as a reimbursement in a combined amount not to exceed one hundred sixty-two thousand dollars (\$162,000.00).

Member Gunnoe made a motion to approve this Resolution.

Member Moldenhauer seconded the motion.

- Board Member Votes: 7 Aye 0 Nay 0 Abstain. The motion carried.

9. Legal Counsel Report

Mr. Darby discussed his retirement with Mr. Key; Mr. Darby recommended that he move to more of a general counsel as needed until he retires in a year.

10. Other Business

a. Low Pressure Connections on Trents Ferry Road

A few homes on Trents Ferry Road have water pressure lower than the Authority's standards due to the homes' locations and the line being a transmission line owned by the City of Lynchburg. The Authority's options are to construct a booster station for the neighborhood at a high cost, to provide small booster pumps in the homes

where it is needed at a lower cost, or not provide any booster service and allow the customers to revert to a well if they would prefer. Staff are looking into the cost and lifespan of booster pumps in the homes. If the Authority were to pay for the booster pumps in the homes, the homeowner and Authority would create a contract outlining the responsibility of the Authority and the customer. A policy would also document this procedure.

Mr. Key also reminded the board to turn in their financial disclosure statements; there is a \$250 fine if they are not turned in to the County by February 3.

11. Motion to Adjourn:

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

- Board member votes: 7 Aye; 0 Nay; 0 Abstain. The motion carried.

The meeting adjourned at approximately 8:31pm.

Prepared by Megan Aubrey – Director of Administration
Approved: February 18, 2020