
**Bedford Regional Water Authority – Board of Directors
Regular Board Meeting – Minutes
September 21, 2021**

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Bedford Water”) was held on Tuesday, September 21, 2021, 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
Jay Gray
Rusty Mansel
Kevin Mele
Thomas Segroves
Walter Siehien

Members Absent: None

Staff & Counsel Present: . Brian Key – Executive Director
Nathan Carroll – Assistant Executive Director (Virtually)
Rhonda English – Director of Engineering (Virtually)
Jill Underwood – Director of Finance (Virtually)
Megan Pittman – Director of Administration (Virtually)

1. Call to Order

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

2. Review of Agenda

The following agenda was reviewed as shown.

1. Call to Order
 - a. Pledge of Allegiance
 - b. Moment of Silence
2. Review of Agenda
3. Public Comments
4. Approval of Minutes: August 17, 2021 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. Financial Statements through month end August 2021
 - b. Resolution 2021-09.01 – Bond Refunding
6. Operations Report: Presented by Nathan Carroll
7. Administration Report: Presented by Megan Pittman
8. Engineering Report: Presented by Rhonda English
9. Executive Director’s Report: Presented by Brian Key
10. Other business not covered on the above agenda
11. Motion to Adjourn

3. Public Comments

There were no public comments.

Mr. Key and Mr. Flynn summarized the meeting that they had with Clay Chastain. They explained the BRWA's policies and how they pertained to him. Mr. Chastain said he did not have the money to pay the fees. The BRWA is going to meet with the Town of Bedford to discuss the situation. The board discussed how to avoid similar issues in the future.

4. **Approval of Minutes: August 17, 2021 Regular Board Meeting**

The regular Board Meeting Minutes from August 17, 2021, were reviewed.

Member Mele 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. Financial Statements through month end August 2021

At the end of August, 99 customers were past due and subject to disconnection. Field Services has been disconnecting these customers.

To compare to July's financials: the amount of payments increased 12.32%, or \$156,000. Customers have been steadily paying their accounts as disconnections approached.

The budget goal is 16% for August with operating revenues at 18% and operating expenses at 14%. Capital Recovery fees received so far this FY are 10% of the total budgeted amount, with water at 7% and sewer at 22%. There were 5 new connections paid for in August in Forest.

Work on the audit is still underway, with the majority of the fieldwork complete.

In March, the BRWA approved contributing \$5,000 from its economic development fund towards the Burnbridge Sewer project per a request from the EDA. Due to increased construction costs and additions to the project from the BRWA, the Authority was asked for an additional contribution of \$12,450. The Chairman instructed staff to proceed with the extra contribution and to regularly update the Board on the status of this project.

b. Resolution 2021-09.01 – Bond Refunding

On August 3, 2021, the Authority was notified by its financial advisor, Davenport & Company LLC, of a potential refunding opportunity in VRA's upcoming fall pool for the original 2015 Series VRA Bond. The Refunding Summary as prepared by Davenport on September 9, 2021, was included in board packets. Davenport continues to monitor the market for savings opportunities in advance of the October 27, 2021 bond pricing date. The resolution outlines the savings parameters and would allow the Authority to proceed with VRA on this refunding.

Ted Cole with Davenport & Company LLC answered questions from the board about the savings parameters regarding the percentage of net present value savings of the refunding.

RESOLUTION PROVIDING FOR THE REFUNDING OF CERTAIN MATURITIES OF THE BEDFORD REGIONAL WATER AUTHORITY'S \$31,225,000 TAXABLE WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2015

At a regular meeting of the Board of Directors of the Bedford Regional Water Authority (the "Local Government"), held in the Board Meeting Room at the Local Government's Administrative Annex Building, on the 21st of September, 2021, beginning at 7:00 p.m.

WHEREAS, on October 14, 2015, the Local Government issued its \$31,225,000 Taxable Water and Sewer System Revenue Bond, Series 2015 (the "2015 Local Bond"), and sold it to the Virginia Resources Authority ("VRA") pursuant to a Financing Agreement dated as of September 29, 2015, between VRA and the Local Government (the "2015 Financing Agreement"); and,

WHEREAS, in order to lower its debt service costs, the Local Government has requested VRA to refund certain maturities of the 2015 Local Bond (the "Refunding Transaction") by purchasing from the Local Government its not to exceed \$30,000,000 Taxable Water and Sewer System Revenue Refunding Bond, Series 2021 (the "Local Bond"); and,

WHEREAS, the Local Government and VRA anticipate that all or a portion of the maturities from October 1, 2026 through October 1, 2045 of the 2015 Local Bond in the aggregate amount of up to \$24,815,000 will be refunded in the Refunding Transaction; and,

WHEREAS, the Local Government will affect the Refunding Transaction through the issuance and sale to VRA of the Local Bond in accordance with the terms of a Local Bond Sale and Financing Agreement dated as of September 21, 2021 (the "Agreement"), between VRA and the Local Government, the form of which has been made available to the members of the Board of the Local Government; and,

WHEREAS, unless otherwise defined each capitalized term used in this Resolution shall have the meaning given it in the Agreement; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Local Government agree to the following items:

1. Agreement to Participate. The Local Government's participation in the Refunding Transaction is hereby approved provided that the final maturity of the Refunding Bonds as amended or replaced in the Refunding Transaction shall not be later than final maturities of the portions of the 2015 Local Bond to be refunded.

2. Issuance of Bond and Use of Proceeds. Pursuant to Chapter 51 of Title 15.1 of the Code of Virginia, 1950, as amended, the Virginia Water and Waste Authorities Act (the "Act"), the Local Government hereby provides for the issuance and sale of its Taxable Water and Sewer System Revenue Refunding Bond, Series 2021, in the principal amount of up to \$30,000,000 payable within substantially the same debt service payment schedule as the 2015 Local Bond but not later than October 1, 2045 and consistent with applicable Internal Revenue Code statutes and regulations, and with an aggregate present value savings of at least 2.0% of the refunded principal amount. The Local Bond is being issued pursuant to the Act and this resolution.

3. Authorization of Agreement. The form of the Agreement is hereby approved. The Local Government's Chair, Vice Chair or Executive Director, either ONE of whom is authorized to act, are authorized to execute the Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Local Authorization as may be approved by the Local Government Chair, Vice Chair or Executive Director, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Chair, Vice Chair or Executive Director, each of whom is authorized to act, are authorized and directed to make such certifications and take such further action as may be necessary or convenient to cause the issuance and sale of the Local Bond and the refunding of the 2015 Local Bond. The issuance and sale of the Local Bond to VRA shall be upon the terms and conditions of the Agreement. The proceeds of such bond shall be applied in the manner set forth in the Agreement. The Chair, Vice Chair, Executive Director and Assistant Director of Finance and Human Resources are hereby named Local Representatives of the Local Government.

4. Bond Details. The Local Bond shall be issued as a single, registered bond, shall be designated "Bedford Regional Water Authority Taxable Water and Sewer System Revenue Refunding Bond, Series 2021," shall be numbered R-1, shall be dated the date of its issuance, shall be in the principal amount not to exceed \$30,000,000 and shall mature no later than the respective maturity dates of the 2015 Local Bond. The Local Government's Chair, Vice Chair or Executive Director, any ONE of whom may act, are each hereby authorized and directed to select the particular maturities of the 2015 Local Bond (if any) to be refunded and direct VRA to provide a Proceeds Requested that achieves the aggregate present value savings of at least 2.0%. It is understood and agreed that the Local Government will be responsible for all reasonable out-of-pocket fees and expenses incurred by VRA (the "VRA Costs") in connection with the Refunding Transaction in the event that the aggregate present value savings of at least 2% can be achieved; *provided, however, that*, if the present value savings would not equal or exceed 2% and the Local Government determines not to proceed with the Refunding Transaction, the VRA Costs to be paid by the

Local Government shall be limited to \$5,000. The Local Government authorizes the issuance and sale of the Local Bond on the terms specified in the Commitment. The Local Government authorizes the issuance and sale of the Local Bond to VRA. The Local Government Chair, Vice Chair or Executive Director, either ONE of whom may act, are hereby authorized to execute and deliver the Local Bond, which shall be in substantially the form approved by the Chair, Vice Chair or Executive Director, with such completions, omissions, insertions and changes not inconsistent with this Local Authorization as may be approved by the Chair, Vice Chair or Executive Director. The principal of and premium, if any, and interest on the Local Bond shall be payable in lawful money of the United States of America.

5. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Local Bond shall be payable as set forth in the Agreement. The Local Government may, at its option, redeem, prepay or refund the Local Bond upon the terms set forth in the Agreement and in the Local Bond.

6. Execution and Form of Local Bond; Redemption of the 2015 Local Bond. The Local Bond shall be signed by the Local Government Chair, Vice Chair or Executive Director and the Local Government's seal shall be affixed thereon and attested by the Secretary of the Local Government. The Local Bond shall be issued as a typewritten bond in substantially the form of **Exhibit A** attached to this Local Authorization, with such completions, omissions, insertions and changes not inconsistent with this Local Authorization as may be approved by the Chair, Vice Chair or Executive Director whose approval shall be evidenced conclusively by the execution and delivery of the Local Bond. The Chair, Vice Chair or Executive Director, any ONE of whom may act, are further authorized to take all such further action as may be necessary or convenient to carry out the terms and intent of this Local Authorization.

7. Revenues Pledged; Disclaimer. Subject to the right of the Local Government to apply its water and sewer revenues (as more particularly defined in the Agreement the "Revenues") to the payment of Operation and Maintenance Expenses (as defined in the Agreement), the Local Government hereby irrevocably pledges the Revenues to the payment of principal of, premium, if any, and interest on the Local Bond. Principal of, and premium, if any, and interest on the Local Bond are payable solely from the Revenues and other sources pledged thereto in the Agreement and this Local Authorization. Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other subdivision of the Commonwealth of Virginia, including the Local Government, the Town of Bedford, Virginia and Bedford County, Virginia are pledged to the payment of the principal of or premium, if any, or interest on the Local Bond or other costs incident to it. The issuance of the Local Bond shall not directly or indirectly or contingently obligate the Commonwealth of Virginia, the Town of Bedford, Virginia, or any other county, city, town or other subdivision of the Commonwealth of Virginia to levy any taxes whatever therefor or to make any appropriation for its payment except from the Revenues and any other funds or property pledged for such purpose under the provisions of this Local Authorization or the Agreement. Pursuant to Virginia Code § 15.2-5140 of the Act, all moneys received pursuant to the Act shall be deemed to be trust funds, to be held and applied solely as provided in the Act. Any officer to whom, or any bank, trust company or fiscal agent to which, such moneys are paid shall act as trustee of such moneys and shall hold and apply the same for purposes provided in the Act, subject to such regulations as such resolution or trust agreement may provide. Reference is made to the Agreement and all amendments and supplements to it for a description of the provisions, among others, with respect to the nature and extent of the security for the Local Bond, the Local Government's rights, duties and obligations, the rights of the registered owners of the Local Bond and the terms upon which the Local Bond is issued and secured.

8. Preparation of Printed Local Bond. The Local Government shall initially issue the Local Bond in typewritten form. Upon request of the registered owner and upon presentation of the Local Bond at the office of the Registrar (as hereinafter defined), the Local Government shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Local Bond in printed form in an aggregate principal amount equal to the unpaid principal of the 2015 Local Bond in typewritten form, in denominations of \$5,000 and multiples thereof, of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Local Bond may be executed by manual or facsimile signature of the Local Government's Chair, Vice Chair or Executive Director and the Local Government's seal affixed thereto and attested by the Secretary of the Local Government; provided, however, that if both such signatures are facsimiles, no Local Bond shall be valid until it has been

authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Local Bond surrendered in any such exchange shall be canceled.

9. Registration and Transfer of the Local Bond. The Local Government appoints the Local Government Treasurer as paying agent and registrar (the "Registrar") for the Local Bond. If deemed to be in its best interest, the Local Government may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the Local Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Local Government shall execute, and the Registrar shall authenticate and deliver in exchange, a new Local Bond or Local Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Local Government, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, or interest and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as owner on the registration books on the 15th day of the month preceding each principal payment date.

10. Mutilated, Lost or Destroyed Local Bond. If the Local Bond has been mutilated, lost or destroyed, the Local Government shall execute and deliver a new Local Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Local Bond or in lieu of and in substitution for such lost or destroyed Local Bond; provided, however, that the Local Government shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the Local Government in connection therewith and, in the case of a lost or destroyed Local Bond, (a) has filed with the Local Government evidence satisfactory to the Local Government that such Local Bond was lost or destroyed and (b) has furnished to the Local Government satisfactory indemnity.

11. Preparation and Delivery of Local Bond. The Local Government Chair, Vice Chair or Executive Director and the Secretary of the are authorized and directed to take all proper steps to have the Local Bond prepared and executed in accordance with its terms and to deliver it to VRA as the purchaser thereof upon receipt of the purchase price from VRA as set forth in the Agreement.

12. Arbitrage Covenants. The Local Government covenants that it shall not take or omit to take any action the taking or omission of which will cause the Local Bond to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the Local Bond to be includable in the gross income of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the Local Government shall comply with any provision of the Local Government Tax Document (as hereinafter defined) that may require the Local Government at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Local Bond, unless the Local Government receives an opinion of nationally recognized bond counsel that such compliance is not required, or is no longer required, to prevent interest on the Local Bond from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Local Government shall pay any such required rebate from legally available funds.

13. Local Government Tax Document. Such officers of the Local Government as may be requested are authorized and directed to execute and deliver a non-arbitrage certificate and tax compliance agreement (the "Local Government Tax Document") in a form not inconsistent with this Resolution as may be approved by the officers of the Local Government executing such document, whose approval shall be evidenced conclusively by the execution and delivery thereof.

14. All Other Action Approved. All other actions of Local Government officials in conformity with the purposes and intent of this Local Authorization and in furtherance of the issuance and sale of the Local Bond are ratified, approved and confirmed. The Local Government officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Local Bond pursuant to this Local Authorization and the Agreement.

15. Other Actions. Each Local Representative is authorized to execute and deliver all

certificates, documents, agreements and instruments and to take all such further action as they may consider necessary and desirable in connection with the refunding of all or a portion of the 2015 Local Bond and the consummation of the Refunding Transaction, including the execution and delivery of such documents and the making of such elections as may be reasonably requested by VRA to maintain or establish a tax-favored status for the Local Bond.

16. Effective Date. This Local Authorization shall take effect immediately. This resolution shall take effect immediately.

Member Gray made a motion to approve this Resolution.

Member Segroves made a Second to approve.

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

6. Operations Report: Presented by Nathan Carroll

Mr. Carroll explained a correction of past reports on the top five types of tasks due to a formula error. The Town fire department is undergoing a regrading with the Insurance Services Office, Inc. (ISO). It is an audit that looks at various factors, including water supply. The Schneider Electric project is getting closer to beginning onsite. Due to supply chain delays, the project has been delayed; the substantial completion date is now the end of April 2022.

7. Administration Report: Presented by Megan Pittman

Ms. Pittman referenced the news articles that were included in the board packet.

She updated the board about the volunteer program. To date, there have been no applicants in the program. This may be due to compensatory time not being allowed for 1-2 months by law. It could also be that people do not feel comfortable volunteering yet with COVID or there are not as many volunteer opportunities due to the pandemic.

The Personnel Committee has a meeting on Thursday with Baker Tilly to review the final compensation study. Baker Tilly will have a representative there to give the presentation.

8. Engineering Report: Presented by Rhonda English

Ms. English explained the updated project report that has capital and internal projects grouped together and the development projects following those. Additional fields were also included in the reports. There is also a developer dedication report included as well.

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

Mr. Key explained that there is an updated Capital Improvement Projects report, which includes carryover and current projects.

Mr. Key said that every week in the weekly update he gives an update on COVID. Internally, the BRWA has continued to follow its COVID policy. The BRWA has also begun a vaccine incentive program, which includes board members. The BRWA is not mandating the vaccine or requiring weekly testing to come to work.

The BRWA had set a date for a government roundtable meeting with the local entities. Due to COVID, the meeting has been postponed for this year; hopefully, it can be rescheduled for next year.

Mr. Key met with the Town about the ARPA funds. Mr. Key and Mr. Flynn are meeting with Town Council at a work session next week. The County is waiting to learn how much money they are receiving from the Virginia Telecommunication Initiative (VATI) grant for the broadband project before they pledge any money to the BRWA. The board discussed the possible projects that could be funded.

10. Other Business

There was no other business discussed.

11. Motion to Adjourn:

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

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

The meeting adjourned at approximately 8:20 pm.

Prepared by Megan Pittman – Director of Administration

Approved: October 19, 2021