
Bedford Regional Water Authority – Board of Directors

Regular Board Meeting – Minutes

October 15, 2024

A regular meeting of the Board of Directors of the Bedford Regional Water Authority (“Bedford Water”) was held on Tuesday, October 15, 2024, 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
Jay Gray, Vice Chair
Donald Barger, Jr.
Rusty Mansel
Kevin Mele
Michael Moldenhauer

Members Absent:..... John Sharp

Staff & Counsel Present: . Brian Key – Executive Director
Rhonda English – Deputy Director
Jill Underwood – Director of Finance
Thomas Cherro – Director of Operations
Megan Pittman – Director of Administration (virtually)

1. Call to Order

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

2. Review of Agenda

The following agenda was reviewed as shown. Revisions are shown 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: September 17, 2024 – Regular Board Meeting
5. Financial Report: Presented by Jill Underwood
 - a. Financial Statements through month end September 2024
 - b. **Resolution 2024-10.01**: Allonge to 2022 Resolution for Funding
6. Operations Report: Presented by Thomas Cherro
7. Administration Report: Presented by Megan Pittman
8. Projects Report: Presented by Rhonda English
9. Executive Report: Presented by Brian Key
 - a. ***Closed Session***: Developer Credits
10. Other business not covered on the above agenda
11. Motion to Adjourn

3. Public Comments

There were no public comments.

4. Approval of Minutes: September 17, 2024 – Regular Board Meeting

The regular Board Meeting Minutes from September 17, 2024, were reviewed.

Member Gray made a motion to approve the minutes.

Member Moldenhauer seconded the motion.

- Board member votes: 5 Aye; 0 Nay; 0 Abstain. The motion carried.

Mr. Barger entered the meeting at 7:03 pm after the minutes were approved.

5. Financial Report: Presented by Jill Underwood

a. Financial Statements through month end September 2024

The Customer Service statistical report, the balance sheet, the statement of revenue, and expenses were included in the packet. The budget goal was 25% for September, with operating revenues at 28% and operating expenses for the month totaling 18%. Capital Recovery fees received this FY are 30% of the total budgeted amount. During September, \$189,700 was received. The Authority received the \$305,200 in prepayment redemptions for Westyn Village. Principal and interest payments were made on the VRA issuances. The 2005 moral obligation for capital projects payment was also received from the County. A draft report of the audit is being prepared. A Brown, Edwards representative will present the audit report at the November meeting.

b. Resolution 2024-10.01: Allonge to 2022 Resolution for Funding

The realignment of the Ivy Creek sewer has resulted in additional project costs above what was approved for financing in 2022. This allonge increases the borrowed amount by an additional \$713,518. The Board approved the change order for this additional work at the September 17, 2024, Board meeting via Resolution 2024-09.02.

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 15th day of October 2024, beginning at 7:00pm:

LOCAL RESOLUTION AUTHORIZING AN ALLONGE TO A PREVIOUSLY AWARDED WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2022, OF THE BEDFORD REGIONAL WATER AUTHORITY INCREASING THE PRINCIPAL AMOUNT OF SAID BOND FROM \$13,338,457 TO \$14,051,975 AND AMENDING THE TERMS OF THE FINANCING AGREEMENT GOVERNING SAID BOND AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, the Bedford Regional Water Authority (the "Borrower,"), 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"), at its meeting duly called and held on October 15, 2024, considered an allonge to the previously awarded Water and Sewer System Revenue Bond, Series 2022 (the "Original Local Bond"), increasing the principal amount thereunder from \$13,338,457 to \$14,051,975, in order to finance increased costs related to the required removal, realignment, and re-installation of approximately 800 linear feet of a sewer line owned by the City of Lynchburg, Virginia, together with financing costs and other related expenses (the "Project"), which will be improvements to the Borrower's sewer system (the "Sewer System"); and,

WHEREAS, heretofore, Borrower entered into a Financing Agreement (the "Financing Agreement"), dated as of December 1, 2022 with the Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund (the "Authority"), by which the Authority loaned to the Borrower \$13,338,457 (the "Loan") from the Virginia Water Facilities Revolving Fund (the "Fund") for the financing of the Project, together with related expenses; and,

WHEREAS, the Borrower wishes to borrow from the Fund and the Fund wishes to lend to the Borrower an additional \$713,518, to be evidenced by the Borrower's Allonge to the Original Local Bond (the "Allonge"), to increase the amount of the Loan by an amount not to exceed

\$713,518; and

WHEREAS, the Borrower desires to approve and authorize the execution of the Allonge and the execution of an amendment to the Financing Agreement to reflect an increase the amount of the Loan and to otherwise modify the terms of the Loan contained in Sections 3.1, 6.1, and 8.1 of the Financing Agreement and Exhibits B and C thereto (the "Amendment").

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BEDFORD REGIONAL WATER AUTHORITY:

1. Issuance of Allonge and Use of Proceeds. Pursuant to the Act, the Borrower hereby provides for the issuance of the Allonge in the additional amount up to \$713,518 and to provide funds to finance the Project and to pay financing costs and other costs incurred by virtue of such Allonge.

2. Authorization of Amendment. The form of the Amendment between the Borrower and the Authority attached hereto as **Exhibit A**, is being submitted to the Borrower and is hereby approved. The Borrower's Chairman, Vice Chairman or Executive Director, any ONE of whom may act, is authorized to execute the Amendment in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Local Resolution as may be approved by the Borrower Chairman, Vice Chairman or Executive Director, each of whom, with the Deputy Director, are appointed an Authorized Representative of the Borrower, whose approval shall be evidenced conclusively by the execution and delivery thereof. All capitalized terms used but not defined herein shall have the same meaning as set forth in the Amendment or the Financing Agreement.

3. Authorization of Allonge. The form of the Allonge between the Borrower and the Authority attached hereto as **Exhibit B**, is being submitted to the Borrower and is hereby approved. The Borrower's Chairman, Vice Chairman or Executive Director, any ONE of whom may act, is authorized to execute the Allonge in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Local Resolution as may be approved by the Borrower's Chairman, Vice Chairman or Executive Director, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Allonge shall be governed by the terms and conditions of the Amendment. The proceeds of the Allonge shall be applied in the manner set forth in the Amendment. The Borrower's Secretary is hereby authorized to attest to the Borrower's Chairman's, Vice Chairman's or Executive Director's signature, as the case may be, to the Allonge, and to affix the seal of the Borrower to the same.

4. Allonge Details. The Allonge will increase the principal amount of the Original Local Bond up to \$14,051,975, shall bear a Cost of Funds (as defined in the Financing Agreement) of not to exceed 0.50% per year, and shall mature no later than August 1, 2049.

As set forth in the Financing Agreement, the Borrower agrees to pay interest on "Additional Payments" and other charges as provided therein. The principal of and premium, if any, and Cost of Funds on the Allonge 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 Cost of Funds on the Allonge shall be payable as set forth in the Original Local Bond, as amended by the Allonge and the Financing Agreement, as amended by the Amendment. The Borrower may only redeem, prepay or refund the Original Local Bond as increased by the Allonge with the written consent of the Authority pursuant to the terms set forth in the Financing Agreement.

6. Revenues Pledged; Disclaimer. Subject to the right of the Borrower to apply its water and sewer revenues (the "Revenues" as defined in the Financing Agreement) to the payment of Operation and Maintenance Expenses (as defined in the Financing Agreement), the Borrower hereby irrevocably pledges the Revenues to the payment of principal of and premium, if any, and Cost of Funds on the Original Local Bond, as amended by the Allonge. Such pledge of Revenues shall be on a parity basis with the Borrower's Parity Bonds listed on Exhibit F to the Financing Agreement. Principal of, and premium, if any, and Cost of Funds on the Original Local Bond, as amended by the Allonge are payable solely from the Revenues and other sources pledged in the Financing Agreement and this Local Resolution. Neither the faith and credit of the Commonwealth of Virginia (the "Commonwealth") nor the faith and credit of any county, city, town or other subdivision of the Commonwealth, including the Borrower, the Town of Bedford and Bedford County, Virginia are pledged to the payment of the principal of or premium, if any, or Cost of Funds on the Original Local Bond, as amended by the Allonge or other costs incident to it.

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 set forth herein and in Virginia Code § 15.2-5140.

7. Tax Covenants. The Borrower agrees that it will not directly or indirectly use or permit the use of any of the proceeds of the Original Local Bond, as amended by the Allonge or any other of its funds, in such manner as would, or enter into, or allow any other person or entity to enter into, any arrangement, formal or informal, that would, or take or omit to take any other action that would cause interest on any the Authority Bonds to be includable in gross income for federal income tax purposes or to become a specific item of tax preference for purposes of the federal alternative minimum tax. The Borrower agrees to perform all duties imposed upon it by the Tax Compliance Agreement (as defined in the Financing Agreement). Insofar as the Tax Compliance Agreement imposes duties and responsibilities on the Borrower, including the payment of any arbitrage rebate in respect of the Original Local Bond as increased by the Original Local Bond, as amended by the Allonge, they are specifically incorporated by reference into this Local Resolution. The Borrower also consents to the calculation of any "rebate amount" to be paid with respect to the portion of the Authority Bonds related to the Original Local Bond as increased by the Allonge by a rebate calculation service selected by the Authority.

8. Limitation on Private Use. The Borrower covenants that it shall not permit the proceeds of the Original Local Bond as increased by the Allonge or the facilities financed with the proceeds of the Original Local Bond as increased by the Allonge to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or the facilities financed with such proceeds being used with respect to any output facility (other than a facility for the furnishing of water or the transportation and treatment of waste water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Borrower receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Authority Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the Borrower need not comply with such covenants.

9. Reimbursement. The Borrower intends to utilize the proceeds of the Original Local Bond as increased by the Allonge to pay some or all of the costs of the Project and that proceeds of the Original Local Bond as increased by the Allonge be used to reimburse it for expenditures related to the Project ("Expenditures") with respect to the Project made on or after the date that is no more than 60 days prior to the date of this Local Resolution. The Borrower reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Original Local Bond as increased by the Allonge.

Each Expenditure was or will be, unless otherwise approved by bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Original Local Bond as increased by the Allonge, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Borrower so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Borrower.

The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower's use of proceeds of the Original Local Bond as increased by the Allonge to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the applicable portion of the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. Periodic requisitions of funds will constitute the Borrower's written allocation. The Borrower recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction of at least five years.

The Borrower intends that the adoption of this Local Resolution confirms the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

10. Other Actions. All prior and future actions of Borrower officials and Authorized Representatives in conformity with the purposes and intent of this Local Resolution and in furtherance of the purposes of the Allonge and the Amendment are ratified, approved and confirmed. The Borrower officials and Authorized Representatives are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable

in connection with the Amendment and the Allonge pursuant to this Local Resolution, the Financing Agreement, and the Amendment.

11. Effective Date. This Local Resolution shall take effect immediately.

Member Gray made a motion to approve this Resolution.

Member Mele made a Second to approve.

- Board Member Votes: 6 Aye 0 Nay 0 Abstain. The motion carried.

6. Operations Report: Presented by Thomas Cherro

Mr. Cherro reported that the CIP crew has installed the four-inch waterline at the Central Water Treatment Facility; the crew plans to test the line this week so the contractor can move on to their next step. The BRWA and Western Virginia Water Authority held their quarterly meeting and discussed the raw waterline intake; a new motor needs to be purchased, and air release valves must be replaced on the raw waterline from the intake to the plant. Mr. Cherro explained that if customers taste or smell an odor in their water, it may be due to water turnover at Stoney Creek Reservoir and at Smith Mountain Lake; the Water Operations team is doing everything possible to rectify complaints about this taste or odor.

7. Administration Report: Presented by Megan Pittman

Ms. Pittman said there were no media mentions in the board packet this month; however, the focus has been on outreach events for the past month. The Communications team has attended several expos and career days and visited schools. Ms. Pittman was also on the Chamber podcast a few weeks ago. The BRWA issued a boil water precautionary notice to 18 homes in Forest; however, staff view it as a successful communications endeavor where the Communications, Customer Service, and Water Operations teams called, texted, and handed out notices to homes. The issue was resolved in under 48 hours. Mr. Key explained that the water pressure dropped to zero due to a pump malfunction, which caused the precautionary boil water notice. Ms. Pittman reported that the time spent training this quarter for Safety was about 135 hours; HR training was 85. It was also reported that the BRWA had no auto or workers comp claims this past quarter.

8. Projects Report: Presented by Rhonda English

The Helm Street Tank project foundation is being prepared, and then the tank contractor will be onsite to begin building the tank. The maintenance team and construction inspector worked with a hauling company to remove the concrete remnants of the tank foundation and walls at a less expensive cost. The Ivy Creek project has four crews working to get done as much as possible before the weather turns too cold. As required by regulation, the lead service line inventory has been submitted and the results will be made public. There are many service lines marked as “unknowns”, and the team will work with the consultant to decide on the next steps. The board discussed this program and how the unknowns will be discovered and paid for.

9. Executive Report: Presented by Brian Key

- a. *Closed Session Pursuant to Section 2.2-3711 A. 7 of the Code of Virginia, specifically for discussions related to legal advice related to developer credits.***

Member Mele moved that the Board of Directors go into Closed Meeting pursuant to Section 2.2-3711 A.7 of the Code of Virginia (1950), as amended. Moldenhauer seconded the motion.

- Board Member Votes: 6 Aye; 0 Nay; 0 Abstain. The motion carried.

- The board entered into closed session at approximately 7:44 pm.

At approximately 8:20 pm Member Mele moved that the board exit closed session and return to open session. Member Moldenhauer seconded the motion.

- Board Member Votes: 6 Aye; 0 Nay; 0 Abstain. The motion carried.
- Member Mele moved that the Board of Directors take a roll call vote certifying that to the best of the member's knowledge only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the public body.
 - Roll call Board member votes:
 - Aye: Donnie Barger, Bob Flynn, Jay Gray, Rusty Mansel, Kevin Mele, Mike Moldenhauer
 - Nay: None
 - The motion passed.

The board instructed staff to contact the Authority's financial auditor to review their recommendations related to the handling of developer credits.

10. Other Business not covered on the above agenda

No other business was discussed.

11. Motion to Adjourn:

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

Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

The meeting adjourned at approximately 8:23 pm.