

WESTERN VIRGINIA WATER AUTHORITY

MINUTES OF BOARD MEETING

September 16, 2010

The Board of the Western Virginia Water Authority (Authority) met on Thursday, September 16, 2010 at 3:00 p.m., in the 2nd Floor Board Room, Coulter Building, 601 S. Jefferson Street, Roanoke, Virginia. Chairman Marc Fink called the meeting to order at 3:00 p.m.

ROLL CALL: Present: Board Members Marc Fink, John P. Bradshaw, Jr. (3:09 p.m.), Donald L. Davis, Gray Goldsmith, Shirley B. Holland, Robert C. Lawson, Jr. and H. Odell "Fuzzy" Minnix-----7.

Absent: None-----0.

OTHERS PRESENT: Michael McEvoy, Executive Director, Wastewater Services; Gary Robertson, Executive Director, Water Operations; Bruce Grant, Treasurer; Harwell M. (Sam) Darby, Jr., Counsel to the Authority; Jean Thurman, Secretary; Mary Sweeney, Assistant Secretary and Sarah Baumgardner, Environmental Communications Coordinator.

Other guests were: Tanya Catron; Senior Accountant; Tammy Lawfield, Staff Accountant/Budget Analyst; Dave Henderson, AECOM; Larado Robinson, Draper Aden.

Mr. Fink declared that a quorum was present.

HONORING THE SERVICE OF H. ODELL "FUZZY" MINNIX AS FY 2010 CHAIR: Mr. McEvoy, on behalf of the staff, expressed appreciation to Mr. Minnix for his excellent service as FY 2010 Chair. Mr. Minnix stated that he very much appreciated the thought, especially coming from those he holds in highest regard. He stated that he is reminded that the Board is not dictators but servants. As long as that is kept in mind, the people will be served well.

APPROVAL OF MINUTES: Mr. Davis moved approval of the minutes of the July 15, 2010 Board meeting. His motion was seconded by Mr. Lawson. Hearing no discussion, the minutes of the July 15, 2010 Board meeting were approved by unanimous voice vote.

Mr. Fink noted that Dr. Martin Misicko, Director of Operations and Construction for Roanoke County Schools, will be addressing the Board today and that Agenda Item No. 14, Citizens' Comments, would be moved to the next item following Dr. Misicko's arrival.

COMMUNICATION FROM EXECUTIVE DIRECTORS: Mr. Robertson gave a summary of the July/August 2010 Executive Directors' Report. His summary included the Water System, Wastewater System, Administration and Regional Efforts/Contract Operations. A copy of this report in its entirety is filed with the Secretary and made a part of these minutes.

Water System: As reported, in spite of the record breaking temperatures during July and August, reservoir levels are well within acceptable limits for this season of the year.

The Authority was awarded first place at the second annual Virginia Water Tasting Event held during the 16th Annual Good Laboratory Practices Conference held in Charlottesville on August 2nd.

The US Route 220 water line extension project is complete. The Taylor's Road (VA Route 691) water line extension project is also complete. Work has begun on the Wirtz Road (VA Route 697) water line extension project which is being funded by the DEQ Leaking Underground Storage Tank program.

Technical Foundations, Inc. completed Phase 2 of the drilling and grouting operations associated with the Clifford D. Craig Memorial Dam (at Spring Hollow) Drilling and Grouting Project.

The Scruggs Road water line extension is also complete and as a result the subdivisions of Waterfront, Boardwalk and Windmere Point are now connected to the Westlake System.

The Falling Creek project is nearing completion. The spillway is completed. All of the earth work is completed and the contractor is preparing to install the articulated block armoring system for the downstream face of the dam. This will take approximately 30 days.

A total of 28 and 22 water main breaks were repaired by Field Operations crews during the months of July and August respectively.

Mr. Davis asked about the paragraph in the communication that states progress continues to be somewhat slow on the Belle Meade area. Mr. Robertson responded that the same contractor is working on two projects, Belle Meade and Harrison. Belle Meade is in Roanoke County and Harrison is in the City of Roanoke off of Orange Avenue and Melrose. The Belle Meade project is about 80% complete. The Harrison project is just getting started and is fairly difficult construction. The contractor was also working on a prior contract and staff gave him time to allow him to delay construction on Belle Meade so he could finish the prior contract. The contractor gave the Authority good prices on these two projects, so there is no problem.

Staff will be making an oral presentation at the Virginia AWWA/WEF joint annual meeting held in Hampton during the week of September 20th. The presentation will outline various treatment and water conveyance options to proceed with development of groundwater wells located in the Crystal Spring area of the City of Roanoke. These wells were drilled during the drought of 2002 and are high producers. They require treatment before they can be put into the system and while there is not an imminent need to use these wells, staff is looking to the future for the best methods of dealing with treatment and conveyance.

Mr. Minnix asked how many gallons of water could be produced should the Authority have to rely on ground water alone. Mr. Robertson responded the wells in the Crystal Spring area produce about 3 million gallons per day (mgd) that is not being used. There are two wells being used in the Garden City area that are about 2 mgd

and the wells the county has near Spring Hollow are about 3 mgd. Mr. Minnix asked if the treatment is taking iron out. Mr. Robertson responded that most of the ones from the county are not treated other than chlorination to disinfect. The Garden City wells are not treated. They have disinfection and one of them has fluoridation. The three wells addressed in the study would require membrane filtration similar to the Crystal Spring plant.

Mr. Robertson noted that the daily flow at the wastewater plant in July was 31.5 mgd and 35.1 mgd in August. While not apparent because of the warm temperatures, rainfall in July and August was more than one inch above normal at 5.7 inches for July and 5.0 inches for August. There were several substantial storms during the period causing three wet weather collection system overflows including one in July and two in August. No wet weather plant overflows occurred in either month. A total of seven dry weather overflows were recorded for the two months, five in July and two in August.

The Water Pollution Control (WPC) Plant and staff were honored in July at the 40th Annual Conference of the National Association of Clean Water Agencies with a Gold Award for plant operations. The award signifies 100 percent compliance with permit conditions and the award's operational criteria. This is the second year in a row that the WPC Plant has been recognized, winning a Silver Award last year.

Mr. Robertson offered congratulations to Scott Shirley, Director of Wastewater Operations, for being nominated to join the Virginia Water Environment Association's (VWEA) Board of Directors. His term on the VWEA Board starts in September.

Mr. Robertson asked Mr. McEvoy to summarize for the Board bills dealing with the Environmental Protection Agency (EPA) and the Virginia Department of Conservation and Recreation (DCR). Mr. McEvoy responded that the EPA and the state are struggling with the best way to handle Chesapeake Bay issues. The EPA has set some time lines that are aggressive. The Commonwealth has been trying to comply with those time lines and they have a series of bills DCR has introduced for consideration in the legislative session in January 2011. Most of these bills apply to the localities within the Chesapeake Bay. It is fortunate that these bills will not apply to the Authority. There is one bill that may impact everyone statewide. DCR is proposing to ban phosphorus fertilizers for private lawns, golf courses, etc. Phosphorus is one

of the nutrients that is problematic in the Bay and fertilizer manufacturers have agreed to drop the phosphorus out of their fertilizer. A typical bag of fertilizer is labeled as 10-10-10, representing the three primary nutrients of nitrogen, phosphorus and potassium. Nitrogen is needed to make lawns nice and green, but the same level of phosphorus is needed. Farmers are concerned about this although the bill exempts farmers. There will be some soil testing. A lot of information will be forthcoming in the next few months about these bills that DCR is proposing; however there is not a lot of choice in what is being proposed.

There is concern about how these bills might affect biosolids land application, again maybe not directly for the Authority but inside the Chesapeake basin. It is almost impossible to remove all the phosphorus from the biosolids, so there is some question about whether this would essentially eliminate land applications inside the Chesapeake Bay basin. If that were to happen, it may not be long before it would be statewide.

Mr. Darby noted that we are not inside the Chesapeake Bay basin. Mr. Bradshaw noted that a part of us is in the Chesapeake Bay basin. Mr. McEvoy responded that we do have a small area inside the Chesapeake Bay area. Mr. Bradshaw noted that Catawba and Catawba Creek are in the Chesapeake Bay area.

Mr. McEvoy noted that EPA is also looking to redefine how they classify biosolids. When the Clean Water Act was first introduced, biosolids were regulated, and still are, by the Clean Water Act. The Clean Water Act brought with it a series of rules to regulate solid and hazardous waste. Because biosolids were being regulated by the Clean Water Act, they were exempt from solid waste regulations. There is now a move to reclassify biosolids as a solid waste. This would primarily affect incinerators because incinerators under the Clean Water Act have a lower standard than they do under the solid waste rules. All of the incinerators in the country that burn biosolids for energy recovery would have to upgrade their incinerators. This would be a multi-billion dollar item for municipalities that have incinerators. A greater concern again would be for land application if biosolids were classified as a solid waste. Someone would probably get creative at some point and try to sue saying the same standard as a landfill should be met. This would be very expensive for the Authority and would not make it very practical to do land application of biosolids.

Mr. Robertson noted that the audit field work was completed in August. A meeting of the Audit Committee will be scheduled in October to review the findings. Preliminary reports are positive.

Billed consumption was slightly less than average for July. August was quite good, being the second highest August billing in the Authority's history.

Two Authority employees will be participating in Leadership Roanoke Valley (LRV) this year. Congratulations to Tammy Lawfield, Accountant/Budget Analyst and Ragen Jordan, HR/Payroll Coordinator, LRV Class of 2011.

Staff has been talking with key employees at DCR regarding allowing the Authority to have a general permit for erosion on linear projects. Currently AEP, the telephone companies and Roanoke Gas can have a general permit with VCR. The state laws do not presently allow authorities to participate in the statewide permitting system for large utilities and railroads that work in multiple jurisdictions. For each Authority project, a submittal fee has to be paid to the county or the city. DCR has been supportive. Mr. McEvoy and Mr. Robertson have been working with groups the Authority deals with in other localities and Mr. Darby is working on a legislative change that would have to go to the General Assembly to change the state code to allow the Authority to participate in the statewide permitting system. Mr. McEvoy added that the localities are supportive of the idea as well. The localities' erosion sediment control permitting requirements are actually targeted at development on a lot and their permitting system is not really set up well to deal with linear projects.

On a related note, staff has approached the City of Roanoke about flexibility in bonding erosion and sediment control (E&S) projects. In Roanoke County, Authority projects are not bonded. There is a resolution from the Authority Board of Directors and the Roanoke County Board of Supervisors that basically says we are good for the work. When the Authority was formed, \$50,000 was put in escrow with the City of Roanoke. With the number of projects the Authority is now doing, the city is saying \$50,000 does not cover the work. Staff is working with the city to hopefully resolve the issue through a resolution and if so, the resolution would be brought to the Authority board in the next few months.

Mr. Goldsmith noted that the number of calls to Customer Service was higher than normal during July and August. He asked if that trend had continued in September. Mr. Robertson responded that as yet, the September report is not available. He noted that prior to January, a door hanger was placed before a service was disconnected which was very expensive. In the last three to four months, the Authority has gone to an automated call system called CodeRED that calls the customer and advises that they are about to be disconnected. Mr. Robinson stated that the positive of that is that it has been effective in getting about 67% of those customers to pay their bills before they are disconnected. The down side is that most of those are calling in to see how much they have to pay which has increased the call logging. Mr. Goldsmith asked if this is a temporary spike or is more staff is needed to handle the calls. Mr. Robertson responded that this issue has been discussed and staff decided they would like to monitor the trend for a couple more months. He noted that he does not think the call volume has gotten unmanageable, but there has been an increase in calls. However, even if it did generate more staff, it is still much more cost effective than going out to turn the service off.

The Authority is partnering with the Bedford County Public Service Authority (PSA) to start looking at the permitting process for withdrawal from Smith Mountain Lake. The Authority does share the High Point Treatment Facility with the Bedford County PSA. That facility is currently which is rated for a total withdrawal of 2 mgd from Smith Mountain Lake. However, current production capacity is only 1 mgd. In the five or ten year range the High Point Facility withdrawal capacity likely will not be increased past the 2 mgd and the 1 mgd current production capacity also will likely not be increased. If you look at the 50-year horizon under our water supply plan, among Bedford County, Franklin County and the Roanoke are, the demand for Smith Mountain Lake is 10 to 12 mgd. We want to start laying that ground work with the state and start looking at where the best location for that weekly increase in capacity would be. Options include increasing the capacity at the existing plant or moving to a different site.

The Authority is partnering with the Roanoke Police Department and the Roanoke Area Youth Substance Abuse Coalition to participate in a Prescription Drug "Take-Back" event on Saturday, September 25 from 10 a.m. to 2:00 p.m. The purpose

of the event is to encourage area residents to bring unused or expired prescription medications to this event where they can be properly collected and safely destroyed.

Hearing no further questions or discussion from the Executive Directors' report, Mr. Robertson introduced Dr. Misicko with Roanoke County Schools. The school board had asked Dr. Misicko to come and speak to the Authority Board about a project on which they had worked with the Authority. Each Board member was provided a written briefing with the September agenda packet that provided background on the project.

Mr. Darby noted that Mr. Minnix, a member of the Roanoke County School Board, is not participating in this discussion nor will he vote. Mr. Minnix stated that he would prefer to leave the room during this discussion. Mr. Minnix left the meeting at 3:22 p.m.

Martin Misicko noted that he represented Roanoke County Public Schools and expressed appreciation to the Board for allowing him to speak on their behalf. He noted that during the past year, Mount Pleasant School had been renovated. Prior to the renovation, the school provided domestic water with a ground water well. Wastewater was handled with a septic system. There was no fire protection. The expansion meant that the septic system was no longer adequate and the decision was made to connect to the Authority's sewer system. At the beginning of the school year, it became apparent that the pressure was not sufficient to flush the commodes within the school. Roanoke County Schools installed a booster pump to increase the pressure to the school. The school board asked Dr. Misicko if he would come to the Authority Board and ask for compensation for the pump system since it was a public school and it was in the public's best interest.

The cost for the pump was approximately \$34,000. In total about \$450,000 was spent on the project to provide public water and sanitary sewer to the school including water and sewer line extensions, booster pumps and installation of a water retention tank because the pressure wasn't sufficient for fire suppression within the school.

Mr. Lawson, for clarification, asked Dr. Misicko if what he was asking for was some financial help for the cost of the booster pump. Dr. Misicko responded that it

was financial help for the cost of the booster pump that he was requesting. He stated that the remainder of the cost was incurred by the sewer system. Mr. Lawson noted that one thing to think about is, that while it is a public school, what is being asked is also residents of the city and Franklin County to also subsidize Roanoke County Schools in this case. He asked Dr. Misicko if he was well aware of that fact. Dr. Misicko responded that he was.

Mr. Davis asked about the \$20,000 that the Authority has already provided as indicated in the written briefing. Mr. Robertson responded that for both water and sewer, the normal availability fees would have been \$20,000. The Authority has a policy that allows a developer to receive 50% credit on the availability fees not to exceed the cost of the line extension if the line can serve other properties. In this case, there are other properties in this area. Where the normal availability fees would have been \$40,000, the county school board was charged \$20,000, \$10,000 for water and \$10,000 for sewer.

Mr. Bradshaw asked if the Authority did not serve the school with sufficient pressure. Mr. Robertson responded that the county school board was notified what sufficient pressure would be. An availability letter was prepared for them when they inquired about the project. Their line extension started at the Mount Pleasant Fire Station. The water pressure at that point was 64 pounds which is adequate; however, the elevation changes. The availability letter advised them that the anticipated pressure at the connection point would be approximately 64 PSI, but due to the difference in the elevation between the school and the connection point, the pressure would be significantly lower at the school. The county school board's engineer had addressed that also by saying that the pressure from the system would not be adequate and that during peak times the pressure could drop to 34 pounds. Mr. Bradshaw stated then that this was not a surprise. Mr. Robertson responded that this was not a surprise, it was just the consideration of all the expenses the incurred to the public water and sewer to the school. He stated that he did not think that that was the intent to say that someone misled. Dr. Misicko noted that there was never any intention of that and that Mr. Robertson and his staff have been very helpful.

Mr. Fink asked if there were any other questions. Hearing none, Mr. Fink asked if the executive directors have completed an assessment of this situation. Mr.

Robertson stated that the memorandum in the Board packet provided most of the assessment. He noted that basically what he was saying in the memorandum was that the limit that the Authority can provide for credits is the line extension policy. He noted that in talking with Dr. Misicko, in hindsight, as is often the case, it might actually have been less expensive to have done a longer line extension from a higher pressure zone. A longer line extension going from a higher pressure zone would have cost about \$200,000 more, but possibly a water storage water storage tank would not have had to be built and definitely booster pumps would not have been needed. However, this was not looked at as an option. Going from the system at Mount Pleasant and the elevation of the tanks, there will never be more than 40 pounds at the school.

Mr. Bradshaw asked if the Authority could get use of an extension of the line to undeveloped land. Mr. Robertson responded that around the school there are two churches, a trailer court and a couple of residences. He noted that 40 pounds of pressure would be adequate for residential. The issue is when you get into a school or a commercial building where they have the flush valve toilets. It generally takes more than 40 pounds for those to operate correctly. Mr. Lawson noted that, if he understands, the county knew that ahead of time and this was not a surprise to the school board. Mr. Robertson responded that at least their engineers did know. He noted that he did not know if it was conveyed to staff or not. Dr. Misicko responded that the engineers were aware of it. The school board was not aware of it until two weeks before school started and that they would have to expedite the purchase of a booster pump.

Mr. Fink responded to Dr. Misicko by indicating that the Board is not prepared to give an answer today. More time is needed for the Board to discuss the issue and also to talk with the Executive Directors about any further thoughts they have on the issue.

Dr. Misicko stated that the school board appreciates the consideration of the Authority. Mr. Robertson thanked Dr. Misicko for coming and noted that he would be in touch with him regarding the Board's decision.

Lengthy discussion ensued and included the following. Mr. Minnix was not present during the discussion.

Mr. Robertson noted that he understands where the school board is coming from and that he was sure it was a surprise for them. From the time the county engineers did their preliminary study until construction, the school board stayed with the same engineer but the engineer changed firms and so there was some disconnect from the preliminary study hearing. Mr. Robertson stated it was his personal opinion that the engineer looked more at the pressure at the point of connection rather than at what the pressure was going to be at the school. The school is considerably further uphill from the point of connection. Mr. Robertson noted that it would not have been normally obvious to have looked at the other water system. In the county engineer's report, it was recommended that they not look at the Authority's system for fire protection and that the most economical way was to use their well and build a storage tank. The storage tank cost the school board \$250,000. Mr. Robertson noted that if everyone had sat down to consider a solution and looked at coming from Bandy Road, he probably would have recommended the Authority participate in that line because from Bandy Road the pressure would have been beneficial going on behind Mount Pleasant School.

Mr. Fink noted that their engineer basically made the decision on a course of action. Mr. Robertson responded that their engineer made a recommendation to the school board. Mr. Fink asked, but without consulting with the Authority as much as he could have? Mr. Robertson stated that is an opinion but he does not know if that is a positive.

Mr. McEvoy noted that there was a little bit of time lag. Originally when the county school board contacted the Authority, they were interested in hooking up to sewer. Mr. McEvoy noted that, although not indicated by Dr. Misicko, he thinks the health department would not allow them to stay on the septic tank when they expanded the school. The fire marshal then said they needed to look at fire protection. And again, their engineer recommended the tank and well system. There really was no intention to hook up to water, but at some point they considered that maybe they should hook up to water and get out of their own system all together. All of these things happened independently of each other and their engineer was not

thinking holistically about all those different connections and how they could happen. The mind-set was that they had to put in a tank for fire protection and then they after the fact decided to put in the pipe to bring the water to the school and nobody considered if there was a better way to accomplish this.

Mr. Robertson agreed that the domestic water connection was the last thing to happen and it only happened a couple of weeks before school started. Mr. Robertson noted that the concept, he thought, was basically that the county board of supervisors told the school board that with the amount of money they were investing in that school, they should be on public water and not on the well. In their haste to complete the project, and noting that the engineer was not in attendance to defend himself, Mr. Robertson's thought was that someone looked at the 64 pounds of pressure at the place of connection and did not take into account the elevation between the fire station and the school.

Mr. Davis noted that he thinks the Board would be setting a precedent and a precedent should not be set. He noted that the Authority just ran a line into one of the schools in Franklin County. He asked what the Authority gave them as far as an availability fee. Mr. Robertson responded that they got the 50% credit just like the Roanoke County School Board. Mr. Davis noted that Roanoke County should have gotten more involved with Mr. Robertson in the process.

Mr. Lawson stated he agreed with Mr. Davis. He noted that he also likened this to a case that had maybe similar implications. Remember the city coming back to the Authority on this right-of-way issue and the Authority said no, we are not going to do that. This has some similar kind of overtones to it. "Cut us a deal, do something special for us," the way the city was approaching the Authority on the right-of-way issue. And for the right reasons, we said "no, we can't do that." Mr. Lawson noted that in his humble opinion, the right reasons here are that he is sorry they made a mistake but the Authority can't go back and pay for the booster pump.

Mr. Fink asked if there was any opinion that differed from the consensus so far. Mr. Bradshaw noted that while he did not disagree with the consensus, he noted that the end solution did not complement the Authority's basic distribution system. Whereas for the same amount of money, it could have enhanced the Authority's

distribution system. Mr. Robertson noted that in his opinion that was accurate. Mr. Bradshaw noted that had the program been worked out logically, the Authority could have a better system and we could have contributed to it, whereas now the Authority has no improvement to which it can contribute. Mr. Robertson responded that this line extension does allow water service to be available to the four or five homes near the school that didn't have it prior, but there could have been a better system. Mr. Bradshaw noted that this not a highly developable area; whereas, had the same amount of money been expended with the Authority's cooperation then the Authority would have had other potential connections and a higher validity. Mr. Fink noted that is a good point if the thinking were not that we were setting a precedent. It would make good business sense. Mr. Robertson responded that he would say that is correct and that he would feel much better participating in a line extension that could serve other properties than participate in a booster pump that would only serve one building.

Mr. Robertson noted that the county paid \$45,000 to extend the line to the fire station which is fairly reasonable. Two Hundred Fifty Thousand (\$250,000) to go from Bandy Road is considerably more, but looking at the \$250,000 spent on the storage tank, on the Bandy Road line they would have had about 70 pounds of pressure. Mr. Bradshaw stated there was no connection between the alignment of the water line and the sewer line. Mr. Robertson responded they go in the same corridor. Mr. Bradshaw stated the sewer was obviously downhill and the water is all uphill.

Mr. Fink noted that Mr. Darby has stated to him that no action will be taken. Mr. Minnix returned to the meeting at 3:39 p.m.

Mr. Bradshaw referred to the July/August Executive Directors Communication, first page, third paragraph, which stated that construction on Phase II of the U. S. Route 220 water line extension project was completed during the month of July. He noted that there was digging there in the early part of August. Mr. Robertson responded that the digging in August was more on Taylor's Road. Mr. Bradshaw asked if it wasn't going through Boones Mill. Mr. Robertson responded that a couple of small leaks were found in the U. S. Route 220 extension during pressure testing. He noted that these leaks may have been in Boones Mill and they were digging for those.

FINANCIAL REPORT FOR JULY/AUGUST 2010: Mr. McEvoy gave the financial report for the months of July/August 2010. His report included the Water Fund, the Water Pollution Control Fund and Combined Financial Operations. A copy of this report is filed with the Secretary and made a part of these minutes.

As reported: The month of August represents 17% of the budget year. Water Fund Revenues are at 18% of budget and Expenses are at 14%. Income from Operations is at 24% and overall the Net Income for the Water Fund is at 29%. Wastewater Fund Revenues are at 17%, Expenses at 15% and Income from Operations is at 20%. Net Income for the Wastewater Fund is at 17%. Overall, the Combined Funds Operating Revenues are at 17%. Expenses are at 14% and Income from Operations is 22%. Net Income is at 23%.

Mr. McEvoy noted some preliminary numbers from the audit. Income for both funds before contributions from developers on different projects, capital contributions and from the different localities made money in FY 2010. The Water Fund reserve was \$300,000 and the Wastewater Fund was approximately a million. The year was positive even though there was a fair amount of expenses especially on the wastewater side due to the high flows in the wintertime. End of the year for bulk customers was \$2.4M even though there was a rate decrease. The higher flows in the wintertime balanced out the rate decrease.

MEETING WITH TOWN OF VINTON OFFICIALS: Mr. Davis asked Mr. McEvoy if he would report on a meeting with Town of Vinton officials. Mr. McEvoy responded that a breakfast meeting was held with the Mayor of the Town of Vinton, the town manager and the manager of public works on Wednesday, September 15th. Coordination of several utility issues were discussed as well as the possibility of a closer relationship.

ISSUE FROM THE DIRECTOR'S REPORT: Mr. McEvoy noted that the Authority has a sewer main in Williamson Road that is in need of repair. There is a section in front of Hotel Roanoke that crews will have to dig up. It actually does not serve the hotel. The issue has been studied for approximately three weeks to determine if there was another way the main could be repaired without digging. The main is located approximately 20 feet under Williamson Road. Lick Run runs in a culvert underneath the road. On either side of that culvert the Authority has sewer mains. There is a 24-

inch main on one side that serves the hotel and most of the other customers. There is also an older 15-inch main that is from the 1930s that has a problem and will have to be dug up. Beginning on September 20th, the Authority is going to have to close the southbound lanes of Williamson Road coming off I-581 in front of the hotel. The work will be done from 7:00 p.m. until 7:00 a.m. However, traffic issues are expected.

REPORT FROM AUTHORITY COUNSEL: Mr. Darby presented a formal report on the amendment of the code section that deals with large utilities being able to circumvent the local soil and erosion permit process for linear projects. The issue of allowing authorities to have a general permitting system for erosion on linear projects was addressed in the Executive Director's report. Currently state laws do not allow authorities to participate in the statewide permitting system for large utilities and railroads that work in multiple jurisdictions. At the request of the Authority's Executive Directors, Mr. Darby has prepared a bill to amend the statute to permit public service authorities to have the same choice. Delegate Onzlee Ware agreed to introduce the bill in the House and Senator John Edwards will be asked to introduce the bill in the Senate.

A copy of Mr. Darby's detailed report and a copy of the House Bill was provided to each Board member.

REPORT FROM COMMITTEE CHAIRS: Mr. Fink reviewed the FY 2010 committee assignments and asked that all who were comfortable with their assignment to continue in FY 2011.

Audit Committee: "Fuzzy" Minnix, Chair; Marc Fink, Gray Goldsmith
Compensation: Bob Lawson, Chair; Marc Fink, Shirley Holland
Governance/Nominating: Don Davis, Chair; Gray Goldsmith, John Bradshaw

All were in agreement to remain their committee assignments for FY 2011.

Mr. Lawson noted that the Compensation Committee has been meeting over the summer and he distributed a summary of the results of those meetings. During discussions, the desire to obtain a benefits consultant was addressed. He noted that at the September Board meeting, the Board authorized the Compensation committee to

review some prospective firms. The Compensation Committee would like to recommend to the Board a group called the Titan Group LLC. The Titan Group was formed in 2001 and they would propose to meet with the Executive Directors and the Board and review compensation expectations with the Executive Directors and also with the Board in terms of what the Board expects from the Executive Directors and the Board's view of a total compensation package with an eye toward finding out what the market is at the moment for organizations such as the Water Authority. Mr. Lawson noted that we do not have that knowledge, and this is a way to gain that knowledge. We want to make sure that we are equitable in what we do and also make sure that we have proper retention tools in place in the form of compensation. That is what the Titan Group can do for us. They would actually do a benefits survey and analysis of our competition regionally to find out what the market is and come back to report to us not just salary ranges but other forms of objective compensation in similar organizations. Their estimated time frame would be five to seven weeks before conclusion. Their fee for this analysis is \$5,200. He noted that in the summary that was distributed there is also a fee for Board Compensation analysis. The committee asked Titan if they are equipped to do an analysis of Board compensation. They say they are but Mr. Lawson noted that he is not ready to recommend Board Compensation analysis because this analysis is something that can be done internally rather than to pay them to do it. Board compensation is a part of the package, but we do not have to engage the Board compensation analysis. He noted the sample list of their clients in the summary. The committee was duly impressed with the representative who met with the committee. He seemed to be knowledgeable and was far more impressive than another group the committee met with as well. Mr. Fink noted that Titan has had experience with municipalities including the City of Roanoke Public Schools.

On behalf of the Compensation Committee, Mr. Lawson recommended that the Authority engage the Titan Group at a fee of \$5,200 to perform the Executive Directors' benefits review and analysis.

Mr. Minnix expressed appreciation to the Compensation Committee for providing the needed information.

The recommendation of the Compensation Committee was adopted by the following roll call vote:

AYES: Board Members Bradshaw, Davis, Goldsmith, Holland, Lawson, Minnix and Fink-----7.

NAYS: None-----0.

Mr. Fink stated that an Audit Committee meeting needs to be scheduled and he asked Mr. Grant if he had some dates in mind. Mr. Grant responded that the Auditors are available the week of October 4th thru the 8th and that he would suggest looking at October 5th and couple the Audit Committee meeting with the Agenda Planning meeting. Mr. Grant noted that the purpose of this Audit Committee meeting is to review the draft audit, and if the committee finds the draft body okay, the Audit can be prepared for the October 21st Board meeting and then the Audit can be released. If there are changes that need to be made, that would give time prior to the Board meeting to get those changes made.

Mr. Minnix, Mr. Fink, and Mr. Goldsmith agreed that October 5th at 10:00 a.m. would be a good date and time for the Audit Committee to meet.

UPDATE ON RENTAL PROPERTY BAD DEBT POLICIES: Mr. Robertson and Mr. McEvoy reviewed with the Board changes to the Authority's rental property bad debt policies which were approved as changes to the Authority's General Business Rules and Regulations during the November 2008 Board meeting.

Mr. Robertson noted that in the past few months he and Mr. Minnix have had discussions in reference to calls Mr. Minnix received about lien placement. The Executive Directors felt that it would be worthwhile to review the process and the reasons behind the process for the Board members appointed since November 2008 as well as all the other Board members.

Discussion ensued following the review. Mr. Minnix asked when an account is delinquent for a couple of months, do we advise the landlord that the account is

delinquent. Mr. Robertson responded that this is something we recently started. Mr. McEvoy set up a meeting for the Executive Directors to meet with Bill Carder, a former City Council member, who represents a Roanoke Valley investors' organization of 60 or 70 landlords in the valley. Mr. McEvoy noted that there is some legislative requirements involved. Notice has to be provided to the landlord when the tenant signs up. A letter is sent to the landlord noting the customer's name and address. A lien can be placed on the property if that person later defaults. If a notice is not sent to the landlord when the customer signs up, a lien cannot be placed.

Mr. McEvoy noted that in talking with Mr. Carder, one of the concerns the landlords have is that people sign up for service and their name is not on the lease. To protect themselves, the landlords are essentially requiring a large deposit so if they feel they are going to be stuck with a utility bill, they are covering themselves through a security deposit. Landlords are allowed to do this under the Renters Act. The landlord's concern is that they want to make sure that the people renting from them are also the ones signing up for service. Staff agreed that for the problem locations, the renter has to bring in a lease showing who they are renting from and verify that their name is on the lease. Even then, the Authority has gotten several leases that the landlords have notified us that the person signing up for service is not on the lease.

Staff has also agreed to collect a deposit from these tenants. Typically, the Authority requires a \$100 deposit, or if the customer agrees to sign up for automatic bank draft, the deposit is waived. But in the case of problem locations, a deposit is being required regardless. Most of those tenants don't typically sign up for bank draft. Also, when a tenant becomes delinquent, a delinquent notice is sent to their landlord so they understand the customer is falling behind. A final bill is also sent to the landlord which helps them if they want to settle up with the tenant.

Mr. McEvoy feels that Mr. Carder understood our issue. There some members of that group who are not real happy with what the Authority is doing. Staff has contacted a number of these and they feel the Authority is transferring our business risk off on them.

The Authority's policy has been successful in reducing the total amount of debt associated with rental policies that is written off. Our 60 to 90 day numbers are down

by about 40% as far as uncollected balance. If a lien is placed, the Authority has no intention of forcing the sale of the property. If the property sells, the Authority would get its money. In the meantime, the Authority actively tries to collect against the tenant. We have a collection agency that we release to. If the customer signs up for service somewhere else, we make sure the bad debt is paid off as part of their new service account. If the collection agency does collect from the tenant, the Authority releases the lien.

Mr. Robertson noted that this is a nationwide problem. Across the Commonwealth of Virginia, this notification process and then lien is being used by a number of localities.

Mr. Davis asked if the telephone system we are using is working. Mr. McEvoy responded that it has really worked well. About 6% to 7% of the calls sent out are paid up. Mr. Davis asked if the landlord is notified in that connection. Mr. McEvoy responded that the landlord is not getting a call.

ACCEPTANCE OF WATER SUPPLY PLANNING GRANT FOR MARTIN CREEK WATER SUPPLY SYSTEM: Resolution No. 205 was before the Board.

The Authority operates the Martin Creek Water System located on U.S. Route 221 near the base of Bent Mountain. This is an independent system that is served by groundwater wells to serve water to 151 customers. The water system has 11 wells but only nine are currently in use. One of the wells not being used was recently designated as under the influence of surface water. That well cannot be used for drinking water unless filtration and treatment is provided.

This geographic area is well known for very limited ground water sources and low producing wells. The Authority has been concerned about the long term viability of this water system without an additional source supply.

The Virginia Department of Health (VDH) offers planning/design grants in amounts up to \$30,000 for water systems that need upgrades or source water improvements. Staff has prepared an application for a planning grant to look at the feasibility of extending our existing water system from Cotton Hill Road or searching

for additional ground water supplies.

The application requires a resolution from the Board of Directors authorizing staff to seek funding from VDH.

Mr. Minnix asked how much money we are talking. Mr. Robertson responded construction wise, the most comfortable solution for him would be extending the line from Cotton Hill Road. That is probably the most expensive solution and that is probably in the neighborhood of \$1.5M.

Mr. Davis asked if there was any possibility of any additional customers in that area other than the 151. Mr. Robertson responded there is. There are quite a number of subdivisions between Cotton Hill Road and this area. Right before the Authority was formed, a developer was planning a subdivision between there and really wanted to extend public water to this subdivision. At that point in time, the county's comprehensive plans did not call for utilities to come out there and the county was going to require him to do a planning study before he could run public water out there. Rather than go to that trouble, he decided to just do individual wells for this subdivision. Since that time, the County has updated their comprehensive plan and are basically encouraging water at least in the corridor similar to U. S. Route 220. Mr. Robertson stated we would like to see water in the backbone area of U. S. Route 221 but not allow it to spur a lot of growth. Mr. Davis said that he would hope that in this \$30,000, if we approve the resolution, that that would be a consideration. Maybe go in a subdivision and take samples of how many people would be interested in signing up. That might justify the spending of the \$1.5M if we could get the some interest of people who would be willing to sign.

Mr. Bradshaw asked if this is the area where the road is being extended to U. S. Route 221. Mr. Robertson responded that where it is being extended is basically where our water system is right now. Mr. Bradshaw noted there would be no additional road work associated.

Resolution No. 205 was moved by Mr. Davis and seconded by Mr. Goldsmith. Resolution No. 205 was adopted by the following roll call vote:

AYES: Board Members Bradshaw, Davis, Goldsmith, Holland, Lawson, Minnix and Fink-----7.

NAYS: None-----0.

AUTHORIZATION TO PURCHASE LAKEWATCH WASTEWATER TREATMENT PLANT:

Mr. Goldsmith stated that he would need to abstain from the LakeWatch agenda item due to a conflict of interest. He offered to leave the room. Mr. McEvoy responded that he did not have to leave the room. He just could not participate in the discussion.

Discussions have continued with the owners of the LakeWatch Wastewater Treatment Plant (Plant B) in Franklin County. Various offers and counters have been made with the current price at \$2.25M. This includes assumption of a \$1.3M loan to be repaid by future availability fees. The Authority's initial cost would be \$0.95M.

Staff values the system (plant and collection piping) somewhere between \$2.4M and \$2.6M. Based on updated information, the plant had a few more connections which made the operating costs look a little more attractive. Mr. McEvoy noted that since there is not much in the way of financing costs and we were proposing essentially to use cash reserves to buy this plant, he looked at an analysis to compare investing that money instead of buying the plant, and it is actually still attractive to buy the plant even at a very low future development over the next 20 years. Financially, the purchase is looking a lot more positive. A cash flow analysis was included in the September Board packet for review by the Board.

Essentially what the owners are asking is for vote as to whether the Authority is willing to move forward in developing an agreement. The owners claim they have another prospective buyer. Mr. McEvoy noted that he does not believe the price is as good as what the Authority has currently negotiated with them. However, the owners need an up or down vote from the Authority or should they pursue the other option. Included in the Board packet was an updated map of the proposed LakeWatch service area. Mr. McEvoy reviewed the updated map with the Board.

Mr. McEvoy noted that one of the reasons that the LakeWatch plant is attractive, other than the fact that it is close to breaking even, is that the area east of Scruggs Road intersection with Route 122 actually would be better served going into the LakeWatch plant than being pumped back to the Westlake plant.

One concern that Mr. McEvoy noted that he had was that the drain fields that are there for the disposal of the treated water are not proposed to be sold by the owner but rather the owners would give the Authority an easement for that land. The primary reason the owner is not proposing to sell the drain fields is that he was also counting that area as green space for part of his planned development. The second-phase development is to be called LakeWatch Spa & Resort. There are some good areas there for drain fields as well. Mr. McEvoy noted that one thing he would want to include in the purchase would be an easement to put in drain fields on that side eventually as well.

The county has an option to purchase 18 acres and turn it into a county park. Their option expires at the end of 2010. Mr. Huff has advised Mr. McEvoy that they do plan to purchase the 18 acres and the purchase will be considered in an agenda item at the September Board of Supervisors' meeting. Development is not planned in the near future. Mr. McEvoy noted that he would be much more comfortable with the county owning the 18 acres than it staying in private hands.

Mr. McEvoy noted that he was hesitant at first about the purchase of LakeWatch. Because with development being down in the county, we have not seen the projections we thought we would see on Westlake. However, at LakeWatch there have been a few more commercial customers hook up. There are also a few other lots that have been sold but with no time frame as to when those would commit. From a commercial standpoint, LakeWatch seems to be doing reasonably well. They have not sold many residential lots. This is not a project that probably would make it on the residential component, but on the commercial component it does seem to be attracting attention. Mr. McEvoy stated that he feels the plant would start breaking even very soon and then start making money for us after that.

Mr. McEvoy noted that he is looking for a motion from the Board to enter into negotiations with the owners. The final contract would be brought back to the Board for final approval.

Discussion ensued and a number of questions and comments from the Board were addressed by Mr. McEvoy and Mr. Darby including the following:

Why do the owners want to sell? Mr. McEvoy responded with two reasons. One is the developer is Trey Park who is reorganizing under Chapter 11. Mr. Darby noted that Chapter 11 was dismissed. A plan could not be developed. The second issue is when he developed this plant he gave part ownership to Dave Petrus of Petrus Environmental. Mr. Petrus is actually winding down his operations. He has a lot of water systems in Franklin County and some of the surrounding counties.

Has Mr. Park pretty much lost everything? Mr. Darby responded, yes. Mr. McEvoy noted that he thinks Mr. Park needs to raise money to deal with his creditors. Mr. McEvoy noted that Mr. Park has told him that he has invested more than \$4M in the system.

Are we negotiating with two parties? Mr. McEvoy responded that Mr. Petrus is taking the lead on the negotiations. Mr. McEvoy responded the Mr. Park is the majority owner.

How old is the system? Mr. McEvoy stated it started up in 2007.

What kind of system is it? Mr. McEvoy responded it is very similar to the one at Westlake. The same engineer and contractor that built Westlake built LakeWatch. LakeWatch is twice as big. LakeWatch is a 100,000 gallons a day plant. The one at Westlake is 50,000 gallons a day. The drain fields at LakeWatch are considerably larger. They are permitted at 182,000 gallons.

Does the purchase include assumption of a \$1.3M loan to be repaid by future availability fees? Mr. McEvoy responded, yes.

Explain future availability fees. Mr. McEvoy responded that when they started

the utility company, the LakeWatch Plantation Company that is currently in bankruptcy, essentially transferred the assets to a separate associated company. A loan was created to recognize the value of that transfer. That loan has no interest rate and term for payment. It is paid by connections to the systems. When someone signs up to the system and pays a connection fee or an availability fee, the majority of that fee goes back to pay that loan.

You can pay back \$1.3M at no interest at all? Mr. McEvoy responded that no interest is charged and really it is not even our expense. The future development would pay that.

Who holds the note? Mr. McEvoy responded LakeWatch LLC does which is the development company for LakeWatch Plantation.

Do they have a \$1.3 loan that they're holding themselves? They actually put the money into it? Mr. McEvoy responded they actually put a lot more into it than that.

They are the financial organization that you would be paying the \$1.3M back to? Mr. McEvoy responded whatever comes out of the bankruptcy proceedings.

They are not in bankruptcy anymore. Mr. Darby responded that actually there may be some liens on those assets which we don't know about yet. Mr. McEvoy responded that we have some investigative work to do.

If the Board authorizes the purchase of LakeWatch, it goes back to bankruptcy court and the Franklin County Board has to approve it. Mr. McEvoy said he does not see that as an issue. The closing would be contingent upon those things.

Do you see any other foreseeable problems? Here is a company that is bankrupt and has lost everything. Going through the bankruptcy court is going to satisfy all those liens or could their still be liens out there? Mr. Darby responded that because it has been dismissed, the liens are good liens.

Do we know all the liens that are against the property or will be able to know all those liens? Mr. Darby responded that we can negotiate from what is called

marketable title. That is what we are buying. If they can't give us marketable title then we won't buy it. That essentially takes out the liens on it and lets us satisfy the liens so we don't take property with liens on it.

Do we pay these liens from the connection fees? Mr. McEvoy responded we are agreeing to honor the current terms of the loan.

Which are from the connections fees? Mr. McEvoy responded, yes. Mr. Darby responded there is another \$950,000, isn't it. Mr. McEvoy responded, yes. The total price is \$2.25M with essentially owner financing at \$1.3 we are agreeing to pay. Mr. Darby responded we wouldn't give them that if we didn't have the property free and clear.

On the analysis sheet you are comparing it with a 5% investment. Mr. McEvoy responded he was trying to be conservative on the number of connections.

Why did you in year 18 and 19 bring it down from 5.01% to 4.46% and 4.94% and then back up to 5.32%? Mr. McEvoy responded with the calculation, that is how the numbers worked out.

Is there any potential that the white area on the map could eventually be a part of the coverage area? Mr. McEvoy responded that it could be but there is a third plant that is currently owned by a company that is controlled by Ed Waters, another developer. He is the one who went bankrupt on the condos at the bridge. Mr. McEvoy noted that we had heard a couple of months ago that BB&T, who got the condo project and sold those off, may actually be getting control of the plant. They might have just worked a deal to pay them out the connection fee to allow the condos to tie on. We are not sure if BB&T is actually buying the plant. At one time they were looking to buy the plant and then they were looking to resell it to somebody. Mr. McEvoy noted that it would make sense for the Authority to become a potential buyer. What would really be attractive about that is the plant could be dug up and moved. It is a package plant designed to be brought in on a truck and set down in a hole. We actually could relocate that facility and send all the flow to this plant. This lot has a lot of drain flow area. The Authority would then control all of the sewer service area out to the bridge.

How many customers are we buying right now? Mr. McEvoy responded there are 22 commercial and a couple of residential.

What income per month? Mr. McEvoy responded a little more than \$20,000 per year.

Revenue? Mr. McEvoy responded, yes. And if a couple of more customers tie on, it will start making money. Actually it has more customers tied to it now than our Westlake plant does.

Would the purchase of this asset affect the overall rates in Franklin County? Mr. McEvoy responded, potentially in the long run it could lower the rate structure. However, we are proposing to essentially adopt the same rate structure as Westlake.

It would not adversely affect the rates in the short term? Mr. McEvoy responded, no.

Would you classify this as an investment for the future and not necessarily an investment for right here and now? Mr. McEvoy responded, that is true.

Didn't you already make that decision when you entered into the present arrangement and the green area on the map? Mr. McEvoy responded, somewhat.

What you are saying now under the same auspices, other than the Franklin County subsidy, that we want to expand that and cover full service to the whole area to make it more efficiently operated. Mr. McEvoy responded, yes.

Comment:

We have a larger area with the new plant.

Comment:

But there are two distinct differences when we made the decision to purchase Westlake. First, in this case there are all kinds of lien-holders, banks are involved, no lots have been sold. That is different from the Westlake purchase. The second thing is the economy has turned upside down since we made the decision to purchase

Westlake. If we were in this kind of economy then we likely would not have bought Westlake plant.

Didn't you have a Franklin County grant to pick up part of the cost of the first system? Mr. McEvoy responded that Franklin County is paying the debt service for the first five years.

Which they can't do right now? Mr. McEvoy responded, correct. They are not in a position to help with the current plant.

The debt service is being paid by the availability fees. Mr. McEvoy responded, part of the debt service. We are not essentially borrowing money, but we are taking reserves.

They have not discounted the price very much. It is worth \$2.4M. They are down to \$2.25M and it doesn't cash flow at \$2.25M. It would be better if we could get the price down where there is some cash flow. Mr. McEvoy responded, that could be an option. He noted that if the Board directs, he could go back and tell them we are interested but not at the current price.

Can we investigate and find out who owns liens and how much? Mr. McEvoy and Mr. Darby responded, yes.

It was the consensus of the Board to have counsel investigate the liens and report back to the Board at the next meeting and to have Mr. McEvoy communicate to LakeWatch that the Board is not comfortable with negative cash flow at this point in time.

BOND RESOLUTION FOR HARRISON AREA WATER MAIN REPLACEMENT PROJECT:
Resolution No. 206 was before the Board.

Mr. Robertson noted that the Board authorized applying to the Virginia Department of Health (VDH) on March 20, 2008 for funding for several drinking water projects, including the Harrison Area Phase III project. We have received a little over \$1.1M. Seven Hundred Forty-three Thousand (\$743,000) of that was a 0.00% loan for

30 years. Four Hundred Seventeen Thousand (\$417,000) was a water supply assistance grant. The bids on the project exceeded the approved funding package and we were planning to use Authority funds to cover the difference. However, Mr. Grant learned that VDH had additional funds that had not been committed and he asked them if they would consider granting us additional funds. They notified us in August that they had an additional \$100,000 they would provide to us. That would be \$60,000 at a 0.00% interest loan and \$40,000 in grant. Adopting Resolution No. 206 would allow us to accept these funds.

Resolution No. 206 was moved by Mr. Davis and seconded by Mr. Minnix. Resolution No. 206 was adopted by the following roll call vote:

AYES: Board Members Bradshaw, Davis, Goldsmith, Holland, Lawson, Minnix and Fink-----7.

NAYS: None-----0.

STATUS REPORT ON CASH RESERVES AND OVERVIEW OF RESERVE POLICIES: Using a PowerPoint presentation, Mr. Grant reviewed with the Board the status of the Authorities reserve funds and reserve policies.

AUTHORIZATION TO PURCHASE LOT 1B COUNTRY HILLS: Mr. Robertson reviewed with the Board a map provided in the Board packet of a small water system on Twelve O'clock Knob Road. The Authority owns two parcels of land. One of the parcels has a pump and a storage tank on it. The other parcel has two wells on it. The water system is served by one of the wells. The other well cannot be used at this time because it lacks the minimum 50-foot buffer from the property line required by the Virginia Department of Health. The water system currently serves nine customers with the capacity to serve approximately 25 customers in the future.

Mr. Robertson noted that he was approached in July by the owner of the property between the two Authority parcels asking if we would be interested in purchasing his property. He is aware of the buffer. He is asking \$45,950 for Lot 1-A. The county has the property assessed at \$26,900. The owner purchased the property in 2004 for the amount of \$36,500.

Mr. Robertson noted that if we acquire the property, his recommendation would be to re-subdivide the property so that the well on Lot 1-A would have the necessary buffer required by VDH and provide a redundant water source for the system. The re-subdivision would also give the Authority ownership of the land containing the access road for the storage tank. The road is presently located in an easement. Following the subdivision, staff would recommend the remaining property be declared surplus and offered for sale.

Staff recommends authorization for an appraisal of the property and negotiations with the property owner. Staff would recommend that negotiations be limited to the lesser of the appraisal amount or \$40,000 maximum.

If the Authority did not acquire the property, a second well could be drilled on the property we own to have a redundancy source and that would probably cost between \$15,000 and \$20,000.

Mr. Minnix asked Mr. Robertson if he knew how deep the wells were and how much water they would supply. Mr. Robertson responded that both of the wells are approximately 400 feet deep and produce approximately 10 gallons a minute.

Mr. Minnix asked is there was any way to get a waiver on the 50-foot buffer from the property line. Mr. Robertson responded, no.

Mr. Bradshaw asked if there was any way that the tank could be relocated down to the two well areas. Mr. Robertson responded that it could be done, but it would probably be more expensive than the land would be worth. It is a 20,000 gallon tank.

Mr. Minnix, through Chairman Fink, suggested that the Board give unanimous consent for staff to get an appraisal of the property and negotiate with the owner. Mr. Lawson asked if it is a matter of policy that we get an appraisal. He noted that his reason for asking is that he suspects the property value is worth not any more than what he paid for it in 2004. Mr. Lawson suggested offering him what he paid for it. Mr. Robertson stated he could do that. He noted that he would not want to go above that without an appraisal. Mr. Darby noted that when you are dealing with public

money you almost have to have an appraisal. Mr. McEvoy noted that we do have a property purchase policy that lays out when we get an appraisal and when we don't. Mr. Davis stated he felt we would be safer if we had an appraisal in case something happens and somebody comes back on it and says the assessment is \$26,000 and we paid \$35,000 or \$40,000. Mr. Davis asked what the potential was for developing the other lots in that area. Mr. Robertson responded the lots are in a remote area with a narrow steep road. But once you get there, the lots look good and there is a nice view. Mr. Goldsmith asked if the real benefit to us for buying it is for future capacity. Mr. Robertson responded, yes. The easement is secondary. It was the consensus of the Board for Mr. Robertson to get an appraisal and bring it back to the Board at a future meeting.

CITIZEN COMMENTS: None

COMMENTS FROM BOARD MEMBERS: Mr. Fink noted that on subjects such as LakeWatch he believes it is healthy when a board doesn't have complete consensus and always agree on every decision. He reminded everybody that it is everybody's right to feel whatever way they want to feel and that makes for a healthier discussion and a healthier board.

OTHER BUSINESS: Mr. Fink noted that at the agenda planning meeting it was suggested that it may be interesting for the Board to go out and take a field trip at some time to see the work that has been done at Falling Creek. Mr. Robertson asked Mr. Darby if it would be considered a Board meeting if the entire Board went at one time. Mr. Darby stated that it would have to be advertised as a public meeting. Mr. Robertson suggested the field trip take place before or after the next regularly scheduled Board meeting. It was the consensus of the Board to take the tour before the next regularly scheduled Board meeting and return to the Coulter building for the meeting. Mr. Robertson noted that if there are those who cannot go at that time, individual tours can be arranged at any time.

OTHER BUSINESS: Mr. McEvoy invited the Board to attend the kickoff luncheon for the Authority's United Way campaign on September 29th at the Elks Club. He also noted that as an incentive for fund-raising for Relay for Life in the early summer, Mr. McEvoy and Mr. Robertson agreed that if the goal was met they would do an imitation

of a hula dance. The fund-raising goal was met and they will do the hula on the 29th.

October 2nd is the annual Fall Waterways Clean-up. The Authority has a team to go out and clean the tributaries around the wastewater plant. Anyone wishing to participate should meet at the IGA on Riverland & Bennington. Mr. Fink suggested an email reminder.

The Authority got a compliment from the city engineer today. Our water crews are working in the Market area right now associated with the market building's renovations. The Authority is relocating utilities, both water and sewer, in the vicinity of the building. The work is going well and the city engineer called Mr. McEvoy today and said that he appreciated the effort and that it looked like we were ahead of schedule to him.

ADJOURN: Mr. Fink adjourned the meeting at 5:12 p.m.

APPROVED OCTOBER 21, 2010

ATTEST:



Jean Thurman

Secretary

WWA Board of Directors

