

WESTERN VIRGINIA WATER AUTHORITY

MINUTES OF BOARD RETREAT MEETING

September 26, 2008

The Board of the Western Virginia Water Authority (Authority) met on Friday, September 26, 2008 at 10:00 a.m., at the Waterfront Country Club, 275 Anchor Drive, Moneta, Virginia. Chairman M. Rupert Cutler called the meeting to order at 10:00 a.m.

ROLL CALL: Present: Board Members M. Rupert Cutler, Donald L. Davis, Gray Goldsmith, Richard E. Huff, II and H. Odell "Fuzzy" Minnix-----5.

Absent: Marc Fink, Robert C. Lawson, Jr. -----2.

OTHERS PRESENT: Michael McEvoy, Executive Director, Wastewater Services; Gary Robertson, Executive Director, Water Operations; Bruce Grant, Director, Finance & Administration; Sam Darby, Counsel; Jean Thurman, Secretary; Mary Sweeney, Assistant Secretary; Sarah Baumgardner, Environmental Communications Coordinator.

Other guests were Ramona Carter, ULS; Roger Blankenship, Engineering; Greg Reed, Director Engineering Services; Scott Shirley, Director Wastewater Services; George Scott, Director Human Resources; Tanya Catron, Sr. Accountant.

Dr. Cutler declared that a quorum was present.

Staff members identified themselves.

Mr. Robertson gave the report on expansion of Authority membership. Localities with a close proximity to the Water Authority's service area were mentioned as potential candidates for membership including the Cities of Salem, Bedford, Counties of Franklin, Bedford, Botetourt and Montgomery and the Towns of Vinton, Rocky Mount, Fincastle, and Boones Mill. All of these localities have utilities in various degrees of development, they are either mature systems, they are new or they are expanding.

Working relationships already exist with many of the above mentioned localities. Enhanced billing and pressure zone improvement opportunities with the City of Salem, the development of a set of regional construction standards and the development of a network of utilities to respond in case of emergencies were cited as examples of positive working relationships with neighboring localities.

Sam Darby added when a locality (County, Town or City) joins the Authority, it has to have at least one voting member on the board. If many joined, the board would be cumbersome. The Authority is free to make contracts with smaller localities and the possibility exists for an associate member.

Discussion continued about a 4,000 ERC minimum for a locality to join the Authority. Mr. McEvoy suggested that we keep the 4,000 ERCs as a requirement with a notation that would consider allowing a larger locality that would achieve 4,000 ERCs over a longer period of time.

Discussions were also held about the size of the board if a new locality joined. If another locality joined, the by-laws could be amended to allow that locality to become the 7th board member. After that, the Authority could ask the City and County to reduce their membership on the board from three to two or expand the entire board to nine members if other localities joined. It was expressed that more than nine members would be unwieldy. A charter change is required if a change is made in the way the County and City approve their representative for the board.

Bruce Grant stated that City or County residents would benefit from new members as costs would be spread over a larger group of customers. All customers would benefit through lower or slower rising rates in the future.

Discussions were made about preparing a business plan that would be targeted toward having Franklin County come in as a full member of the board.

Mr. Goldsmith made a motion that we prepare a business case that considers a membership invitation to include Franklin County.

Mr. Minnix seconded the motion.

Mr. McEvoy stated we would like to work with Mr. Huff's staff to make sure that the business case included all the details and to make sure that Mr. Huff has a chance to discuss this situation with the Franklin County Board.

AYES: Board Members Cutler, Goldsmith, Huff, Minnix and Davis-----5.

NAYS: None-----0.

Mr. Grant gave the Summary of Long Term Debt and Debt Capacity report. A copy of the Power Point presentation was filed with the Secretary and is made a part of these minutes.

Discussion ensued about future expenses at the wastewater plant, the possibility of refinancing debt, our debt service ratio, future projects in the water division, I&I issues and debt capacity.

Expansion of Authority Services

Mr. McEvoy led a discussion on storm water issues in the valley. Urban run-off from non-point source pollution, which represents 80% of Roanoke pollution entering our waterways, is now the target for regulatory enforcement. While stormwater was included in the Authority's charter and the localities could decide to enact a stormwater utility, there does not seem to be interest in transferring stormwater to the Authority at this time. Discussion also ensued about the management of a stormwater system, including actions to take if a customer did not pay their stormwater fees. The Authority does not have the same enforcement options as the City or County.

Contract Services

Mr. McEvoy stated occasionally we get requests from smaller utilities, localities and private firms to provide services. We currently provide operational services for the Town of Fincastle, laboratory services for neighboring localities and non-operating business services such as leasing space in the Coulter Building and on our water towers. Staff would like to continue pursuing these opportunities as they become available.

Dr. Cutler adjourned the meeting at 12:00 for lunch.

During lunch, other outreach efforts through the Human Resources department were discussed. These programs include working with RoTech, Virginia Western Community College, the new Public Works Academy and area school systems to develop future employees for our organization.

Discussion ensued about outreach with other localities, training programs to get students ready for our future jobs and tuition reimbursement opportunities offered by the Authority. Educational signage, especially at Carvins Cove was also discussed.

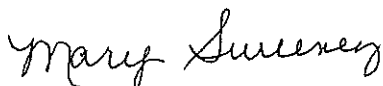
Right of Way Issue

A discussion concerning right-of-way issues with regards to utility location in the City of Roanoke and Roanoke County was held. The question for all parties comes down to who pays for relocation of utilities. The basic agreement among the City of Roanoke, Roanoke County and Water Authority is in a document called the "Operating Agreement." The 5-year statute of limitations on the operating agreement will expire this June 2009.

Dr. Cutler recessed the meeting at 1:15 p.m. for a tour and adjourned the meeting after the tour.

APPROVED NOVEMBER 20, 2008

ATTEST:



Mary Sweeney
Assistant Secretary
WVWA Board of Directors