

WESTERN VIRGINIA WATER AUTHORITY

SPECIAL BOARD MEETING

December 8, 2008

The Board of the Western Virginia Water Authority (Authority) met on Monday, December 8, 2008 at 7:00 p.m., at the Trinity Ecumenical Parish, 40 Lakemount Drive, Moneta, VA. Chairman M. Rupert Cutler called the meeting to order at 7:00 p.m.

ROLL CALL: Present: Board Members M. Rupert Cutler, Donald L. Davis, Gray Goldsmith, Richard E. Huff, II, Robert C. Lawson, Jr. and H. Odell "Fuzzy" Minnix----6.

Absent: Board Member Marc Fink-----1.

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

Dr. Cutler declared that a quorum was present.

Dr. Cutler thanked everyone for attending the open house and public hearing. His opening remarks included introduction of Authority Board members and executive directors and a summary of the U.S. Route 220 waterline project, a regional project that is currently underway and that includes the Authority, Roanoke County and Franklin County. Dr. Cutler noted that the very positive working relationship with Franklin County has now afforded the opportunity to work together again to provide public water and wastewater service for the benefit of customers in the Westlake area.

PUBLIC HEARING ON PROPOSED RATES AND FEES FOR WATER AND WASTEWATER SYSTEMS IN FRANKLIN COUNTY: Dr. Cutler opened the public hearing on proposed water and sewer rates at 7:05 p.m. and turned the meeting over to Mike McEvoy,

Executive Director for Wastewater Services and Gary Robertson, Executive Director for Water Operations. Mr. McEvoy gave a history of the Authority and a summary of the wastewater project in the Westlake area. Mr. Robertson gave a summary of the water system plans for Franklin County and of the proposed water and sewer rates.

Questions from citizens included metering; future plans for current well system with water towers; advantages of being served by the Authority as opposed to currently being served by the Franklin County water system; needs assessments for capital improvements and clarification of Roanoke City, Roanoke County and Franklin County rates; future plans for installation of systems.

Comments from citizens included the need to have an integrated water and sewer system to preserve the health of Smith Mountain Lake; support for an integrated water and sewer system and particularly for the ability to tie into the Bedford water system in the not too distant future; benefits to the business community.

Dr. Cutler called on Mr. Huff to speak. Mr. Huff spoke very positively in regard to Franklin County's involvement with the Western Virginia Water Authority and summarized reasons the County should be involved with the Authority.

Dr. Cutler expressed appreciation for the participation in the public hearing and invited the citizens to stay for the remainder of the public meeting. He closed the public hearing at 7:43 p.m.

ADOPTION OF PROPOSED RATES AND FEES FOR WATER AND WASTEWATER SYSTEMS IN FRANKLIN COUNTY: Resolution No. 152, Approving the Water and Sewer Rates and Fees to be Implemented for Users in Franklin County, Virginia as advertised and submitted to a Public Meeting December 8, 2008, was before the Board.

Mr. Robertson noted that a three-year water rate schedule is proposed that would mirror the existing Franklin County rates.

Mr. Minnix expressed appreciation to Mr. Huff and to the Franklin County Board of Supervisors for their positive working relationship with the Authority and moved adoption of Resolution No. 152. Mr. Davis seconded his motion and Resolution No. 152 was adopted by unanimous voice vote.

CLOSING REQUIREMENTS FOR PURCHASE OF PRIVATE WATER SYSTEMS: Mr. Robertson stated that this report is provided for informational purposes only and no action is required.

The Waterfront Waterworks, one of the systems being purchased by the Authority, is incorporated. Certain actions have to be taken to dissolve the corporation before the system is transferred to the Authority. When the State Corporation Commission approves transfer of the systems being purchased to the Authority, Mr. McEvoy, Mr. Robertson and Mr. Darby will be the Board of Directors for one meeting to dissolve the corporation and file the taxes. The Waterfront Waterworks will then become assets of the Western Virginia Water Authority.

Mr. Minnix asked Mr. Robertson when the Authority will know of the State Corporation Commission's approval of the purchase of these systems. Mr. Robertson responded that the State Corporation Commission (SCC) has 60 days to act but there is a provision whereby they can ask for an additional 30 days. The 60-days deadline was December 1st but the SCC asked for the additional 30 days on November 30th which gives them until December 30th to act.

Mr. Minnix asked that the decision from the SCC be conveyed to the citizens as soon as it is rendered. Mr. Robertson stated that notification will be sent to all new customers giving them the date they will be transferred to the Authority from the current owner once approval is received from the SCC.

SETTLEMENT RESOLUTION WITH FRU-CON CONSTRUCTION CORPORATION, WET WEATHER IMPROVEMENTS CONTRACT A: Resolution No. 143, Authorizing a Settlement with Fru-Con Construction Corporation, was before the Board.

As reported at the November 2008 meeting, a settlement agreement with Fru-Con Construction Corporation was close to completion. Fru-Con, a general contractor awarded Contract A of the Wet Weather Improvements at the Roanoke Regional Water Pollution Control Plant, filed suit against the Authority when the construction was completed claiming both money and additional contract time for alleged extra work performed at the request of the Authority. The Authority has denied this claim, insisting that all work performed was required by the contract and that exceeding the contract term was the result of Fru-Con's own actions. Liquidation damages were

deducted by the Authority from amounts owed to Fru-Con as allowed by the contract for exceeding the contract term.

Staff and Fru-Con have agreed to a settlement where Fru-Con agrees to drop its suit and receives no compensation for its claims, the Authority adds non-compensable time to the contract term and refunds \$146,000 of the liquidated damages previously collected.

Mr. Lawson moved adoption of Resolution No. 143. Mr. Davis seconded his motion.

Mr. Davis asked if the Authority is required to provide the Letter of Recommendation to Fru-Con as part of the agreement. Mr. McEvoy stated that the Authority agreed to provide that letter. Typically bids require that a contractor is in good standing on a previous job and a letter of recommendation satisfies that requirement.

Mr. Minnix asked Mr. Darby if Fru-Con could come back later for additional money. Mr. Darby responded that they could come back but that there is very little chance of their coming back and no chance of their prevailing if they come back.

Resolution No. 143 was adopted by unanimous voice vote.

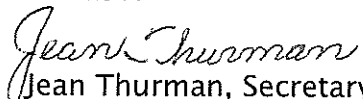
COMMENTS FROM BOARD MEMBERS: Mr. Davis expressed appreciation for the number of people in attendance at the public hearing and assured them that they would receive devoted service from the Authority.

OTHER BUSINESS: None

Dr. Cutler adjourned the meeting at 7:52 p.m.

APPROVED JANUARY 15, 2009

ATTEST:


Jean Thurman, Secretary
WWA Board of Directors