

**Washington County Service Authority Board of Commissioners**  
**November 23, 2009 Regular Meeting Minutes**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:01 PM.

**ROLL CALL**

Commissioners Present:

Mr. Gerald Cole, Chairman  
Mr. Joe Chase, Vice Chairman  
Mr. Sam Blaylock  
Mr. Prince Coleman  
Mr. Frank Stephon, IV  
Mr. D.L. Stout  
Mr. Kenneth Taylor

Staff Present:

Robbie Cornett, General Manager  
Kim Roberts, Controller  
Amanda Paukovitz, Administrative Assistant  
Doug Canody, Chief Engineer

Consultants Present:

Kevin Heath, PE, Adams-Heath Engineering  
Randall Hancock, PE, Draper Aden Assoc.  
Matthew Lane, PE, The Lane Group, Inc.  
Jody Gibson, PE, The Lane Group, Inc.  
Doug Covington II, AIA/LEED AP, The Lane Group, Inc.

Also Present:

Mr. Mark Lawson, General Counsel  
WCSA Employees

**3. Public Query & Comment**

*Joe Mitchell, local contractor and developer, former Board of Supervisor*  
Mr. Mitchell talked about WCSA's water and sewer tap fees. He explained that he has had the privilege to work in some nicer neighborhoods. He used to be able to purchase both taps for about \$3,600; to cover both tap fees, he now has to pay \$5,573. Mr. Mitchell has spoke with WCSA Staff members to learn that in three to five years, both tap fees could cost as much as \$9,000 total. He is perplexed, as both tap fees total about \$1,245 in Smyth County, \$1,905

in Bristol, VA, \$1,800 in Bristol, TN and \$1,600 or \$1,800 in Lebanon. If figures were provided correctly, he says, our tap fees are 2½ or 3 times higher than neighbors; he believes we are not competitive with our neighbors and that it will hurt long term County growth.

Mr. Mitchell feels Washington County has been real fortunate. For awhile, the County didn't change enough; however, now it is changing too much. He feels WCSA is overcharging and we will not have the growth rates that we have had since the 1980s.

For some of the individuals that he builds for, the prices do not hurt them. However, for the typical individual, Mr. Mitchell feels the tap fees could really hurt those people. The tap fees, in his opinion, are amounting to more than a down payment for a house.

Mr. Mitchell has tried to stay out of the process for a long time; he knows how difficult it is and he understands. He just does not know all the answers and he doesn't know how close we are working with the local government authority either. He is asking WCSA to take another look. He thinks the fees are already too high and if it is going to be higher, it will really be too high. Mr. Mitchell said we are in a housing slump and in a recession. For those reasons, he is asking for the Board to reconsider and he thanked them for their time and patience.

**4. Approval of the Agenda**

Mr. Cornett asked that Item #9 be removed from the agenda; the Audit Report is not ready for presentation by Robinson, Farmer & Cox.

Mr. Stephon moved to approve the agenda. Mr. Stephon's motion was seconded by Mr. Coleman and was

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approved by a 7-0-0-0 vote of the Board.

**5. Approval of the Consent Agenda**

- Minutes for October 26, 2009.
- Routine Reports for October 2009.
- Financial Statement for October 2009.
- Check Register and General Manager Financial Report for October 2009.

Mr. Chase made a motion to approve the Consent Agenda. Mr. Chase's motion was seconded by Mr. Stout and was approved by a 7-0-0-0 vote of the Board.

**6. Engineer's Report and Update**

*Mr. Matthew Lane of The Lane Group, Inc. reported on the following projects:*

• **Interim Drinking Water Plant Improvements/DWP Expansion**

Have received approval from VDH and RD; working with staff now to get the letter of conditions met for RD in order to advertise the project for bid soon.

• **Western Washington Co. Study**

The study is complete and submitted to Mr. Cornett and WCSA Staff. Although the study is finished, the final chapter is yet to be written. There is over 600,000 linear feet of waterline involved, over 1,000 new residential properties and 2,300 total properties; this indicates a very large project.

• **Lobby & Building Renovations**

Presentation will come later in the meeting.

*Mr. Randall Hancock of Draper Aden Associates (DAA) reported on the following projects:*

• **Glove Drive Waterline Improvements**

Project has been resolved with the ongoing easement issues. Most of the line is in place; they hope to put some of the line into operation in the next month and a half or so. There is some additional

line that will be added to the project. With a time extension for the weather and with adding the additional line, they should be back on schedule.

• **Route 58 Water Storage Tank**

They are applying for funds from RD. Have submitted the PER. Have also received some comments from RD; they've asked for a different tank. They want it to be reviewed and want clarity on submitting the environmental assessment. According to RD, the project could be Stimulus funded.

• **Route 58 Corridor Study**

They have some of the hydraulic information solved; hope to have reports to staff by mid December.

• **Exit 13/14 Sewer Project**

Have field staked about 50% or more of the line and are surveying that. Have been called a "communist" a time or two by residents within the project area. Overall, there has been a pretty good response by residents; they are proceeding on schedule with the project.

- Mr. Blaylock asked why there was an extension for time [on the Glove Drive Waterline Improvements]; Mr. Hancock explained that there was more work added.

*Mr. Kevin Heath of Adams-Heath Engineering reported on the following projects:*

• **White's Mill Road Improvements**

Are in a holding pattern and are waiting for authorization from RD to move forward. Once they receive the go ahead, they can move forward with bidding.

• **Orchard Hill Road Improvements**

The project's construction was behind as of last meeting. This week, Adams-Heath Engineering provided a more detailed report with suggestions, which was distributed and presented. Mr. Heath

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went through the report quickly, highlighting on some of the details, such as King General Contractors' difficulty with completing a road bore.

Mr. Cornett added that he and Mr. Canody had a conference call with Mr. Heath late this afternoon and they all concurred with the suggestions. Mr. Lawson has not been able to review the letter from a legal perspective.

Mr. Blaylock wanted clarification; he asked if the contractor had been working on site every day they were able. Mr. Canody and Mr. Heath concurred, along with Mr. Lawson's review of the text.

Mr. Chase asked how many streams the project involved. Mr. Canody noted that there are two crossings & one stream.

Mr. Stout asked why the water was spraying. Mr. Cornett explained that they were performing water testing. Mr. Stout expressed that he didn't see anyone working. Mr. Heath expressed that they were performing a bacteriological test and cannot continue with construction until they hear back regarding the results. Mr. Blaylock asked Mr. Heath if he thought the Contractor could finish by [December] 1<sup>st</sup>. Mr. Heath explained that all service lines have been completed, so all that remains to be done should be a tie-in at the main and a tie-in at the crossing.

Mr. Blaylock asked if this was our first time with King General Contractors; Mr. Cornett expressed that yes, it was.

Mr. Taylor asked if there had been damages. Mr. Cornett explained that the only damages have been paying people for additional time utilized for inspecting, etc.

Mr. Cole sought clarification; he wanted to make sure that what he is hearing is that they are recommending a deadline extension and that it is reasonable due to

the unforeseen circumstances. Mr. Cornett expressed that yes, they want to try to be fair as possible; those requested days are reasonable and the Contractor has not asked for more. Damages would be charged at a rate of up to \$500/day; they tend to look at what our costs are for beyond the December 1<sup>st</sup> deadline. Mr. Cornett explained that they may come up at the next meeting to recommend an exact cost for damages.

Mr. Cole asked if Board action was needed. Mr. Cornett expressed that they at least need marching orders.

Both Mr. Blaylock and Mr. Cole expressed that King General Contractors needs a deadline. Mr. Cornett reminded the Board that everyday [King] could be out there plus some, they have been there. WCSA wants to be fair and reasonable; they want to show that they are serious about substantial completion deadlines, but are fair in providing days when they are merited.

Mr. Lawson noted that there is documentation, so would have to look at [extensions] on a case by case basis. Mr. Cornett expressed that they plan to look at liquidated damages. They plan to access that in order to look at the exact amount of damages to be as fair as possible for the contractor. That has been their thought process in evaluating what is fair. Mr. Blaylock expressed that there needs to be a set standard.

Mr. Blaylock made the motion to accept the discussed recommendations. He followed his motion by asking if the recommendations included completion of the final crossing. Mr. Heath explained that yes, it includes substantial completion.

Mr. Taylor wanted to know what the damages have been. Mr. Canody expressed that in addition to utilizing our

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inspector's time, residents have been inconvenienced by not having fire flow. Mr. Blaylock noted that the abovementioned stream crossing could be just as bad. Mr. Cornett explained that the contractor has been on another bore for 11 months; he has completed more difficult bores in seven days.

Mr. Blaylock expressed that they could keep the significant completion date and King could come back to them if they've significant trouble with the bore. Mr. Cole stressed that King needs a deadline. Mr. Lawson needs to review the documentation so WCSA can reserve the right to collect damages if they need to.

Mr. Stout asked what exactly the bore entails. Is it needed to provide the flow? Mr. Heath explained that the project is being fed by a 6" crossing at the end that comes up over the river. Mr. Stout wondered if that meant the bore doesn't matter. Mr. Cornett clarified that the bore provides reliability and fire flow.

Mr. Chase seconded Mr. Blaylock's motion.

Mr. Taylor inquired if the recommendation included the establishment of substantial completion by December 1<sup>st</sup>; Mr. Heath clarified that it does. Mr. Lawson asked if substantial completion is defined in the contract. Mr. Canody explained that substantial completion is defined as a project that can be put into use and is in use. Mr. Lawson inquired if the completion of the crossing will establish substantial completion. Mr. Canody expressed that when the crossing is put into use, the project will be substantially complete. He noted that they will continue to have the same standard for all to adjust the time and liquidated damages. Mr. Lawson expressed that we just need to make sure we are doing things right.

Upon Mr. Blaylock's motion, and Mr. Chase's second, the Board passed the motion with a 7-0-0-0 vote.

#### **7. Water & Wastewater Construction Projects Report and Update**

Mr. Canody referred the Board to the Engineering report in the Board Books.

He noted the following changes/updates:

- To clarify from earlier discussion, Mr. Canody explained that there are two sets of completion: substantial (meaning the project is safe and ready to use) and final (which is established generally 30 days after substantial completion; it is when the warranty begins and the contractor has performed all clean-up, etc.).

- **Chestnut Mountain Road**

They provided a revised purchase order (PO) for the tank site to the owner; the PO, which had been revised according to their attorney's requests, was accepted by the owner's son. They brought the PO to the owner's family and they seem to be satisfied. They had asked for one week to consider. The PO will hopefully be picked up and signed next Monday; this has been a big hold up. They are still in need of one additional piece of land for the tank site. They have talked to three additional people and think it should not be a problem. WCSA wanted to get the tank site set before moving forward with the storage tank.

#### **8. General Manager's Report & Update**

Mr. Cornett reported on the following noteworthy WCSA performance and Staff accomplishments:

##### **Water Production**

- Produced over 196 million gallons of drinking water.

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**Distribution**

- Coordinated the outside purchase of over 24 million gallons of water.
- In total, over 220 million gallons of drinking water was distributed to our customers.

**Meter Department**

- 95 customers were telephoned following unusually high usage.

**Customer Service**

- More than \$17,000 was abated for 76 customer water leaks.
- \$4,293.16 was written off as bad debt [more than three years old].

**Maintenance**

- Repaired 35 leaks and 5 major breaks.
- Constructed 12 water taps & 1 wastewater tap.
- Responded to 24 after hours maintenance call-outs.

**Wastewater**

- Treated over 9 million gallons of wastewater.

**Administrative Items**

- A letter of thanks was received from Carolyn Cornett-Lester acknowledging the superior work of two of WCSA's employees (Note: she is of no close relation to Robbie Cornett).
- Currently, WCSA is advertising for the positions of Staff Engineer (which is in the interview stage) and Wastewater Operator (which should be at the interview stage very soon).

***Note: Agenda Item #9 (WCSA 2008-2009 Audit Report) was removed from the Agenda.***

**10. WCSA Administrative Building Master Plan Presentation**

Mr. Matthew Lane introduced The Lane Group's team. He also praised the Building Renovations Committee for their input. The Committee members include: Mr. Blaylock, Mr. Coleman, Mr. Cornett, Mr. Canody and Mrs. Jenny Manuel.

The Lane Group's Ms. Jody Gibson, Vice-President in charge of Architecture, and Mr. Doug Covington, Senior Architect, made a 20 minute presentation of the WCSA Office Building Master Plan Evaluation. Ms. Gibson provided a status update and summary report of the planning process, the various building/layout drawings, the preliminary cost estimate and the roof & HVAC evaluations.

Mr. Cornett thanked Ms. Gibson and The Lane Group, along with Mr. Blaylock & Mr. Coleman for their efforts. He expressed that WCSA's initial efforts were to renovate the lobby and to address the HVAC system and roof inefficiencies. However, it is hard not to think forward and to address future staffing needs for WCSA over the next decade or so. Mr. Cornett felt like now is the proper time to evaluate which portions of the office may need some space reworking. It is difficult to decide if now is the appropriate time to address the situation, or if we should address that need when it is official. He noted that the original budget for the project was \$240,000. However, if all discussed changes are made, the project will now cost about \$1 million. Mr. Cornett explained that the change of the Master Plan would involve appropriating money in next year's budget. He explained that they have changed the scope of the evaluation, but do not want to proceed with the change without consulting the Board first and without their concurrence. On behalf of the Building Committee, they feel the money would be better spent if all changes were made now.

Mr. Chase asked if any security changes have been incorporated. Ms. Gibson noted that two gates and additional

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security lighting, along with internal camera upgrades, are part of the budget analysis. Mr. Cornett referenced these items, which are found within line 19 on page 4 of the cost estimate.

Ms. Gibson also explained that they have tried to phase the changes with minimal disruptions to providing service. That way, WCSA can stay in operation in the building while construction is going on without interrupting service; WCSA would not have to temporarily relocate.

Mr. Cole expressed that he appreciates everyone's hard work. However, he would like to take some time to review the impact that the scope change would have on the budget and the future. Mr. Cornett thinks it would be appropriate to allot additional time for review. Again, Mr. Cole expressed that the evaluation was impressive and he thanked The Lane Group for their hard work. He asked for time to digest the presentation and expressed that the Board may address this item again at the next meeting.

#### **11. Award of the Seven Springs Secondary Supply Project**

Mr. Hancock briefly updated the Board; [within the Seven Springs Secondary Supply Project] they are upgrading the Wise Pump Station across Rt. 58 from the WCSA Offices and are installing a permanent pump station to replace the temporary pumps on a trailer at the Glade Highlands Industrial Park.

He noted that they opened bids for the Seven Springs Secondary Supply project on October 29<sup>th</sup>. WCSA received two bids; the low bid was from Frizzell Construction Company, Inc. for \$369,477.00. DAA has worked with Frizzell Construction on a couple projects for WCSA; they converted the Exit 22 Wastewater Treatment Plant into

a pump station and completed that work satisfactorily. DAA would recommend awarding the project to Frizzell Construction. Mr. Hancock opened up the floor for questions.

Mr. Taylor asked what the budget for the project is. Mr. Cornett noted that \$570,000 has been budgeted for the project; WCSA received good bids.

Mr. Blaylock asked if Frizzell had been questioned regarding the mechanical side of their project, as their costs were significantly lower than Boggs' (the other bidder). He also inquired where Boggs Municipal Services, Inc. is from; it was noted that they are from Wise, VA. Mr. Canody explained that he has worked with Boggs. When they were asked how their bid was achieved, Boggs acknowledged that their bid was high, as they like to use their own equipment when using that which was specified.

Mr. Cornett acknowledged that \$150,000 in grant money was also received towards the project. He noted that these are exceptional bids.

Mr. Stephon made the motion to accept the low bid from Frizzell Construction Company. Mr. Stephon's motion was seconded by Mr. Blaylock and was approved by a 7-0-0-0 vote of the Board. Mr. Hancock thanked the Board and expressed that they will prepare the contracts accordingly for execution.

#### **12. Holiday Gift and Lunch for WCSA Employees**

Mr. Cornett referred behind Tab #5 of the Board Book, where there is information regarding the history of WCSA holiday gifts and luncheons.

He noted that for the past 20 years, the Board has considered a holiday gift and for the past 12 years, the gift also has included a BBQ lunch for employees. He

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referenced the provided tabulation.

He also noted research that shows what other utilities and organizations in Southwest Virginia have done and are doing for their employees. Mr. Cornett explained that the research shows that WCSA, in regards to a holiday gift, is doing less than most; he thought the Board may want to reconsider WCSA's gift in regards to the Authority's quality of staff, etc. Mr. Cornett opened the floor for questions from the Board.

Mr. Stout made the suggestion of increasing the holiday gift to \$300 after taxes, accompanied by a BBQ lunch.

Mr. Stephon made the motion to increase the holiday gift to \$300 after taxes, accompanied by a BBQ lunch [for employees]. Mr. Stephon's motion was seconded by Mr. Stout, and was approved by a 7-0-0-0 vote of the Board.

Mr. Cornett thanked the Board.

### **13. Presentation on Non-Revenue Water**

Mr. Cornett gave a 45 minute presentation to the Board on Non-Revenue Water. His presentation, titled "Why Manage Your Non-Revenue Water? and Highlights of AWWA's New 3<sup>rd</sup> Edition M36 Manual: Water Audits and Loss Control Programs", addressed the following topics: What is Non Revenue Water?, Why Manage Non-Revenue Water?, Tools to Manage Non-Revenue Water and Their Development, Highlights of AWWA's New M36 Manual, What are Other States and Agencies Doing?, and a Summary. Upon the completion of his presentation, Mr. Cornett opened up the floor for questions from the Board.

### **14. Proposed WCSA Seal**

Mr. Cornett presented to the Board a new proposed WCSA Seal. He explained

that the 1<sup>st</sup> seal draft, which was also included in the Board's packet, was proposed by Mr. Mark Reeter. Those two seals are followed in the packet by various additional seals that exist within the County; the seals were provided for the Board's reference.

Mr. Chase made the motion to adopt the new proposed WCSA Seal. Mr. Chase's motion was seconded by Mr. Coleman and was approved by a 7-0-0-0 vote of the Board.

### **15. Water Treatment Plant Expansion, Resolution of Governing Body & Loan Resolution for Rural Development**

Mr. Cornett explained that RD requires the Board to adopt both of the abovementioned items prior to the loan closing for the Water Treatment Plant Expansion. WCSA did not change any of the language prior to the presentation. Two of the resolutions were for \$26 million. However, all four resolutions need to be adopted.

Mr. Blaylock made the motion to adopt all four of RD's resolutions (see attached). Mr. Blaylock's motion was seconded by Mr. Stephon and was approved by a 7-0-0-0 vote of the Board.

### **16. Closed Meeting: Personnel, Acquisition and Disposition of Property, Investment of Public Funds & Legal Advice**

Mr. Chase moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia Section 2.2-3711 Paragraph (A) (1): Personnel, 1. Evaluation of the Performance of Departments, Code of Virginia Section 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Property, 2. To Discuss and Consider the Acquisition of

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Real Property and to Discuss and Consider the Disposition of WCSA Real Property, Code of Virginia Section 2.2-3711 Paragraph (A) (6): Investment of Public Funds, 3. To Discuss Various Inter-municipal and Other Agreements, Code of Virginia Section 2.2-3711 Paragraph (A) (7): Legal Advice, 4. To Discuss Various Inter-municipal and Other Agreements.

In addition to the Board, the presence of Mr. Mark Lawson, WCSA Counsel, and Mr. Robbie Cornett, WCSA General Manager, are requested.

Mr. Chase's motion was seconded by Mr. Blaylock and was approved by a 7-0-0-0 vote of the Board. The Board adjourned to Closed meeting at 9:33 PM.

**Return to Public Session**

Upon a motion by Mr. Taylor, a second by Mr. Stephon, and a 7-0-0-0 vote by the Commissioners, the Board returned to Public Session at 10:25 PM.

**Certification of Closed Meeting**

Whereas, the Washington County Service Authority has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; And whereas, Section 2.2-3712 Paragraph D of the Code of Virginia requires a certification by this Authority that such Closed Meeting was conducted in conformity with Virginia law;

Now, therefore, be it resolved that the Authority hereby certifies that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the Closed Meeting to which this certification resolution applies, and (2) only such public

business matters, as were identified in the motion convening the Closed Meeting were heard, discussed or considered by the Authority.

AYE: Mr. Blaylock, Mr. Chase, Mr. Stephon, Mr. Coleman, Mr. Taylor, Mr. Stout and Mr. Cole.

**17. Late Items**

Mr. Cornett detailed a policy adjustment, as reflected in a revision to section 9.8 of the WCSA Personnel Policies and Procedures Manual (Note: it is erroneously noted as section 9.7); he referenced the green-tabbed document at the Board's stations. He explained that WCSA's employee benefits changed the same night that the policy was adopted. Therefore, the policy was adopted without note of the adjustment to the policy. The policy also said employees would have to pay back the funds that they were advanced upon leaving WCSA. Mr. Lawson added that this action, if enforced, would be illegal.

Mr. Cornett explained that if an employee does not use their allotted funds (whether from WCSA's contribution or their own), they lose the funds and WCSA receives them for assuming the liability; Ms. Roberts helped by clarifying that WCSA pays for each employee's Flex Benefits Plan upfront and pre-tax.

Mr. Chase asked when WCSA's contribution was increased to \$500. Mr. Cornett noted that the adjustment was made the same night in which the changes were made to Employee Benefit Plans in September.

Mr. Blaylock asked if all employees get \$500 from WCSA, whether they participate or not; Mr. Cornett concurred that all employees receive the \$500. Mr. Blaylock asked if it was a \$500



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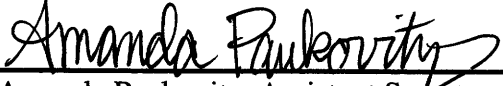
contribution to each employee. Both Mr. Cornett and Ms. Roberts concurred that \$500 per employee is contributed.

Mr. Stephon made the motion to accept the proposed revision to section 9.8 of the WCSA Personnel Policies and Procedures Manual. Mr. Stephon's motion was seconded by Mr. Stout and was approved by a 7-0-0-0 vote of the Board.

**18. Adjournment**

Mr. Stout made the motion to adjourn the meeting (Note: the motion was erroneously read as Mr. Taylor's). Mr. Stout's motion was seconded by Mr. Stephon and was approved by a 7-0-0-0 vote of the Board at 10:33 PM.

  
\_\_\_\_\_  
Mr. Gerald Cole, Chairman

  
\_\_\_\_\_  
Amanda Paukovitz, Assistant Secretary

RESOLUTION OF GOVERNING BODY OF  
WASHINGTON COUNTY SERVICE AUTHORITY

The governing body of the Washington County Service Authority, consisting of 7 members, in a duly called meeting held on the 23<sup>RD</sup> day of NOVEMBER, 2009, at which a quorum was present RESOLVED as follows:

BE IT HEREBY RESOLVED that, in order to facilitate obtaining financial assistance from the United States of America, United States Department of Agriculture, Rural Development (the Government) for the ~~water~~ water Treatment Plant Expansion Project, the governing body does hereby adopt and abide by the covenants contained in the agreements, documents, and forms required by the Government to be executed.

BE IT FURTHER RESOLVED that the CHAIRMAN or GENERAL MANAGER be authorized to execute on behalf of the Board of Directors, the above-referenced agreements and to execute such other documents including, but not limited to, debt instruments and security instruments as may be required in obtaining the said financial assistance.

This Resolution, along with a copy of the required documents, is hereby entered into the permanent minutes of the meeting of this Board of Directors.

WASHINGTON COUNTY SERVICE AUTH.

Attest:

RAWLE  
CLERK

By BALL  
CHAIRPERSON

C E R T I F I C A T I O N

I hereby certify that the above resolution was duly adopted by the Board of Directors of the Washington County Service Authority, at a duly assembled meeting on the 23<sup>RD</sup> day of NOVEMBER, 2009.

RAWLE  
CLERK

**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Washington County Service AuthorityAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Washington County Service Authority  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

**NINE MILLION AND XX / 100 DOLLARS (\$9,000,000.00)**pursuant to the provisions of Chapter 28, Title 15.1, Code of VA, 1950 ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that

**Chairperson**

and **Secretary** Robb Cornett of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas

7

Nays

0

Absent

0

IN WITNESS WHEREOF, the **Board of Directors** Robb Cornett of the

**Washington County Service Authority**

has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this

23<sup>RD</sup>

day of

November, 2009

**Washington County Service Authority**

(SEAL)

By

Robb Cornett  
**Robbie Cornett**

Title

**Executive Director**

Attest:

Amanda Paukovitz  
**Amanda Paukovitz**

Title **Assistant Secretary**

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as \_\_\_\_\_ of the Washington County Service Authority  
hereby certify that the Board of Directors of such Association is composed of  
\_\_\_\_\_ members, of whom \_\_\_\_\_ constituting a quorum, were present at a meeting thereof duly called and  
held on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_; and that the foregoing resolution was adopted at such meeting  
by the vote shown above, I further certify that as of \_\_\_\_\_,  
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
rescinded or amended in any way.

Dated, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
**Amanda Paukovitz**

Title Assistant Secretary

**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Washington County Service AuthorityAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Washington County Service Authority  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

**NINE MILLION AND XX / 100 DOLLARS (\$9,000,000.00)**pursuant to the provisions of Chapter 28, Title 15.1, Code of VA, 1950 ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that

Chairperson

*[Signature]*

and Secretary *[Signature]* of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas

7

Nays

0

Absent

0

IN WITNESS WHEREOF, the Board of Directors *[Signature]* of the

Washington County Service Authority

has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this

23<sup>RD</sup>

day of

NOVEMBER, 2009

Washington County Service Authority

(SEAL)

By

*[Signature]*

Robbie Cornett

Title

Executive Director

Attest:

*[Signature]*

Amanda Paukovitz

Title Assistant Secretary

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as \_\_\_\_\_ of the Washington County Service Authority  
hereby certify that the Board of Directors of such Association is composed of  
\_\_\_\_\_ members, of whom \_\_\_\_\_ constituting a quorum, were present at a meeting thereof duly called and  
held on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_; and that the foregoing resolution was adopted at such meeting  
by the vote shown above, I further certify that as of \_\_\_\_\_,  
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
rescinded or amended in any way.

Dated, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
**Amanda Paukovitz**

Title Assistant Secretary



**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Washington County Service AuthorityAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Washington County Service Authority  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

**EIGHT MILLION FIVE HUNDRED EIGHTY THOUSAND AND XX / 100 DOLLARS (\$8,580,000.00)**pursuant to the provisions of Chapter 28, Title 15.1, Code of VA, 1950 ; and

**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
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under the terms offered by the Government; that

Chairperson

and Secretary

of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas

7

Nays

0

Absent

0

IN WITNESS WHEREOF, the Board of Directors

of the

Washington County Service Authority

has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this

23<sup>RD</sup>

day of

NOVEMBER, 2009

Washington County Service Authority

(SEAL)

By

Robbie Cornett

Robbie Cornett

Title

Executive Director

Attest:

Amanda Paukovitz

Amanda Paukovitz

Title Assistant Secretary

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as \_\_\_\_\_ of the Washington County Service Authority  
hereby certify that the Board of Directors of such Association is composed of  
\_\_\_\_\_ members, of whom \_\_\_\_\_ constituting a quorum, were present at a meeting thereof duly called and  
held on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_; and that the foregoing resolution was adopted at such meeting  
by the vote shown above, I further certify that as of \_\_\_\_\_,  
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
rescinded or amended in any way.

Dated, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
**Amanda Paukovitz**

Title Assistant Secretary