

**Washington County Service Authority Board of Commissioners**  
**December 27, 2010 Regular Meeting Minutes**

The regular meeting of the Washington County Service Authority Board of Commissioners was called to order by the Chairman at 7:02 PM.

**ROLL CALL**

Commissioners Present:

Mr. Joe Chase, Chairman  
Mr. D.L. Stout, Vice Chairman  
Mr. Prince Coleman  
Mr. Devere Hutchinson  
Mr. Dwain Miller  
Mr. Frank Stephon, IV  
Mr. Kenneth Taylor

Staff Present:

Robbie Cornett, General Manager  
Kimberly Harold, Controller  
Amanda Paukovitz, Administrative Assistant  
Doug Canody, Engineering Services Manager

Consultants Present:

Bobby Lane, PE, The Lane Group, Inc.  
Kevin Heath, PE, Adams-Heath Engineering  
Randall Hancock, PE, Draper Aden Assoc.  
Matthew Lane, PE, The Lane Group, Inc.

Also Present:

Mrs. Dawn Figueiras, General Counsel  
WCSA Employees

**3. Approval of the Agenda**

Mr. Cornett had no additions or corrections to the agenda.

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

**4. Public Hearing Regarding the Disposition of WCSA's Island Road Property**

Mr. Chase announced the purpose of the Public Hearing. He also noted that the advertisement for the public hearing ran in the paper on Wednesday, December 8, 2010. Mr. Cornett proceeded by providing background information:

WCSA has been asked by Bobby Sproles, Jr. to consider selling property owned by WCSA on Island Road in Bristol. The property has approximately 50' of road frontage on Island Road and is roughly 85' deep. The property appears to have been cut out of a larger piece of property years ago. He referred to a map at the Board's stations. A title search has not been performed at this time to determine when it was acquired or what we paid for it. However, we do know that the property was used by the Goodson-Kinderhook Water Authority (before WCSA was chartered) as an office and maintenance facility. Approximately 15 years ago, the structures that were on the property (an old house and garage) were demolished due to their poor condition and comments from residents living in the neighborhood. Soon after the demolition of the office and shop, due to a reported conflict with a landowner, the property was fenced with chain link. For the better part of 15 years, WCSA has very rarely used the property. When it has been used, it has primarily been for the storage of stone.

In August 2010, Mr. Cornett and key WCSA Staff were consulted about the future use of this property. The only reasonable future use that they could think of is that of a pressure reducing valve (PRV) station. The statutory requirements that the Authority must follow when disposing of real property is as follows:

Va. Code 15.2-1800 (B) Subject to any applicable requirements of Article VII, Section 9 of the Constitution, any locality may sell, at public or private sale, exchange, lease or lessor, mortgage, pledge, subordinate interest in or otherwise dispose of real property, which includes the superjacent airspace [except airspace provided for in § 15.2-2030] which may be subdivided and conveyed separate from the subjacent land surface, provided that no such real property, whether improved or unimproved, shall be disposed of until the governing body has held a public hearing concerning such disposal.

The statutory requirements for [notices of]

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public hearing are as follows:

Va. Code 15.2-1813. Any public hearing required by this chapter shall be advertised once in a newspaper having general circulation in the locality at least seven days prior to the date set for the hearing.

Mr. Cornett added that the Notice of Public Hearing was published in the Bristol Herald Courier on Wednesday, December 8, 2010; WCSA has met that requirement.

About two years ago, WCSA disposed of a small piece of property in Emory where WCSA had a water storage tank site. That piece of property was sold by private sale to Mary Johnson.

Presently, other than for a possible PRV station, this property is of no real use to WCSA. For that reason, and because the property would appear to be of no interest to anyone except for Mr. Sproles, subject to a title search and any comments for or against the sale of this property that may be voiced here tonight, Mr. Cornett proposed that the Board consider taking the following action:

1. Request a title search of this piece of property by WCSA General Counsel.
2. Authorize the General Manager to act as WCSA's agent in negotiating the sale price and to sign the deed of sale.
3. Sell the property by private sale to Mr. Sproles, subject to an easement being reserved for a possible PRV station and Mr. Sproles paying the closing costs for the associated sale.
4. Report back to the Board at the conclusion of this work.

Mr. Chase opened the floor for public comment regarding the sale of the Island Road Property; there was no one present to do so. Mr. Cornett expressed that he received a voicemail this afternoon from Mr. Sproles. He had previously planned to come to the Public Hearing and speak for the sale. However, due to the weather and his work, he was unable to attend. Mr. Sproles asked that Mr. Cornett relay that information.

Therefore, Mr. Chase closed the Public

Hearing and asked the Board for suggestions and a motion.

Mr. Miller made the motion to approve the four action steps, as detailed by Mr. Cornett. Mr. Miller's motion was seconded by Mr. Hutchinson.

Mr. Chase opened the floor for discussion by the Board. Mr. Stout and Mr. Taylor had questions regarding the size of Mr. Sproles property and the size of the property in question. Mr. Chase asked if WCSA had a figure in mind; Mr. Cornett is waiting for the results of the title search. Mr. Miller affirmed that the property in question is not worth much on its own.

Mr. Miller's motion was approved by a 7-0-0-0 Board vote.

#### **5. Public Query & Comment**

There was no Public Query & Comment.

#### **6. Approval of the Consent Agenda**

- Minutes: November 22 Regular Meeting.
- Routine Reports for November 2010.
- Financial Statement for November 2010.
- Check Register and General Manager Financial Report for November 2010.

Mr. Stephon made the motion to approve the Consent Agenda with no changes. Mr. Stephon's motion was seconded by Mr. Hutchinson and was approved by a 7-0-0-0 vote of the Board.

#### **7. Engineer's Report and Update**

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

- **Orchard Hill Road Improvements**  
Construction is complete. The final clean-up change order is circulating for signatures and VDH approval. He noted there is a net reduction in the final

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contract cost of \$19,000. They are awaiting final paperwork from the contractor and then they will be able to close out and finish the project.

- **Whites Mill Road Improvements**

They had the loan closing and pre-construction conference earlier in the month; both went well. The project is in a position to issue a notice to proceed. The noted possible start date for construction could be Monday, January 10 (two weeks from today).

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

- **Route 58 Water Storage Tank**

Contract 1 is still ongoing. The contract time has expired, so they have requested an extension of time; they are still conferring with Staff. The tank site has been finished and they have as much of the 24" water line in as possible. Due to the weather, they have not yet started Contract 2. All shop drawings and submittals have been approved. They are waiting on the weather at this point.

- **Exit 13, Phase 1 Sewer Project**

Project has had good progress. They received emails from the archaeologists last week; they have finished their research studies and had no significant findings. DAA has submitted the permits to the Corps of Engineers (for the stream crossings) and have submitted plans to RD for approval. Easements are coming along well also.

- **Exit 14 Interceptor**

They have submitted plans to the town. They are looking to get started once those plans have been approved.

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

- **Interim Water Treatment Plant Expansion (4.6 to 6.6 MGD)**

Project continues to move along. The contractor has finished work on the three sedimentation basins, which is a critical part of the work; they are in service and are working pretty well. They are at 33% completion (which is somewhat behind, due to the weather).

- **New Raw Water Intake, Raw Waterline and Drinking Water Treatment Plant Expansion (6.6 MGD to 12 MGD)**

Pre-construction conference has taken place. Mr. Cornett issued the contracts and three Notices to Proceed today. The middle of February is the expected time for the project to be well underway.

- **Galvanized Line Replacement Project, Phase 1**

They have had the loan closing. [Mr. Lane] and Mr. Cornett have attended a meeting with the Town of Glade Spring. They have tentatively scheduled the pre-construction conference and plan to issue the Notice to Proceed on January 4.

- **Reedy Creek Road Water Improvements**

Mr. Matthew Lane will speak about this project later; he plans to ask permission to advertise the project for bids.

- **Mill Creek Water Treatment Plant PER**

They have completed reviewing the alternatives. They have also moved on to the implementation stage with the Town Manager and Project Manager.

- **WCSA Administration Building**

They are hoping the contractor will get going soon; all work should be completed by April of this coming year. WCSA Staff (especially Customer Service) will be aggravated by the construction; they hope to move the work along as swiftly as possible.

- **Western Washington County Sewer Study**

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They have had meetings and have developed a schedule. They hope to have alternatives in place by the end of January; Mr. Cornett has scheduled a follow-up meeting for brainstorming. Also, they hope to select an alternative in February and be in a position to present the results in March of this [upcoming] year to the Board of Commissioners, Board of Supervisors and the Industrial Development Authority (IDA). The study continues to move along.

**8. Water & Wastewater Construction Projects Report and Update**

Mr. Canody referred the Board to the Engineering Board Book Report, printed on purple paper behind Tab #6. He provided the following updates:

- **Chestnut Mountain Road**

The Notice to Proceed has been issued to both contractors. The stream crossings must be completed by December 31 by requirement of the regulatory agency, due to concerns for endangered species. The loan will be closed on December 30.

- **Rich Valley Road/Litchfield Road and Rich Valley Road/Maiden Creek Road Projects**

Both contractors are proceeding, one much faster than the others. The Rich Valley Road/Litchfield Road Project is about 90% complete; they are way ahead of schedule (Note: Notice to Proceed was issued on September 17) and substantial completion is required by June 14. The Rich Valley Road/Maiden Creek Road Project is about 36% complete; the project is running right on schedule, depending on the weather.

- **Sutherland**

WCSA Staff understood from officials that Tennessee's acquisition of easements was essentially complete. In the last couple days, WCSA has learned

otherwise; they are currently working to obtain those easements. Staff is dealing with a lot of environmental agencies (national, federal & local) and is waiting for a response from the forest service regarding which state will regulate the project; part of the awarded grant money came from the Cherokee National Forest in Tennessee. The State of Virginia is concerned with endangered species, more so than the State of Tennessee. They are looking to hopefully advertise and bid the project in February/March, depending on the acquisition of permits.

- **Damascus/WCSA Sewer Study**

Mr. Canody expressed that although not on the agenda, Acquisition of Professional Services for the study is being done by WCSA in accordance with the Professional Services Procurement Flow Diagram (referenced by Mr. Canody). Last Wednesday, the committee had a meeting; Don Morgan and Lannis Green (Town of Damascus Counsel Members), Mr. Stephon and Mr. Miller, along with WCSA Staff April Helbert, Tommy Dotson, Mark Osborne, Robbie Cornett and [Doug Canody] were in attendance. The committee has considered statements of qualifications. They have had six submittals, which they have read, and are prepared to offer a shortlist to the Board for its concurrence. The shortlist is:

- The Lane Group, Inc. partnered with Olver, Inc.
- Anderson & Associates (based in Blacksburg)
- Smith, Seckman & Reed partnered with Mattern & Craig (the former is based in Memphis and the latter has offices in Johnson City, Roanoke and Kingsport).

Mr. Canody expressed that if the Board concurs, the committee has tentatively

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planned to interview the approved shortlist of firms on January 20.

Mr. Chase if this would require a motion by the Board; Mr. Cornett affirmed this. Mr. Hutchinson made the motion to approve the shortlist of firms to proceed with interviews. Mr. Hutchinson's motion was seconded by Mr. Miller and was approved by a 7-0-0-0 Board vote.

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

Mr. Cornett referenced his General Manager's report at the Board's stations. He reported on the following noteworthy WCSA performance & accomplishments from all departments during November:

#### **Water Production**

- Produced little more than 190 million gallons of drinking water.

#### **Distribution**

- Coordinated the outside purchase of more than 22 million gallons of drinking water, bringing the total to about 6.8 million gallons per day.

#### **Meter Department**

- 119 customers were telephoned following unusually high usage.

#### **Customer Service**

- Little more than \$8,000 was abated for 67 customer water leaks.
- More than \$4,800 was written off as bad debt more than three years old.
- 6 water taps and 1 wastewater taps were applied for.
- Handled 154 reconnections/transfer of service requests in the last month.
- Late charges were added to over 4,156 accounts.

#### **Maintenance**

- Repaired 32 leaks and 10 major breaks.
- Constructed 10 water taps.
- Responded to 56 after hour call-outs.

#### **Wastewater**

- Treated little more than 9.3 million gallons of wastewater in the last month.

#### **Accounting**

- Accounting has pursued procurement of

Financial Services and Uniforms, and has updated WCSA's Rate Model.

- Continues to pursue the Debt Setoff Collection Program. There have been \$94,000 in Total Submissions and we have collected little more than \$10,000 for 121 claims.

#### **Administrative Items**

- WCSA Maintenance Staff successfully completed the replacement of 260' of 20" water line on the Lilly property adjacent to Sinking Creek. This water line is privately owned but was damaged in 1995 by the contractor of the sewer line installation from the Virginian to the BVU-owned line along King Mill Pike. The leak created seemed to worsen through the years and repairing the line seemed appropriate. However, upon examining the damage, Staff ruled the line better to be replaced rather than be repaired.
- WCSA is delighted to report that three WCSA sewer projects were selected for funding by DEQ at a 1% interest rate for 20 years. Those projects include Exit 13 Phase 2 & Phase 3 and the Lowry Hills Community. WCSA will be evaluating this offer shortly to determine whether or not the terms are feasible, in light of and in comparison to the terms and conditions of an unofficial competing offer from RD.
- WCSA continued to support the Board of Supervisors by attending and/or making presentations at a series of Public Information Meetings. All eight of the scheduled meetings have now been held. On December 21, 2010, a follow-up letter was issued to the Board of Supervisors that summarized the questions/comments and our responses.
- At the December 6, 2010 Meeting for the Joint Utilities Committee, Mark Reeter, County Administrator, asked that [WCSA] develop a presentation that would clearly demonstrate how we arrived at our system fee that is currently being phased in and

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subsequently present that to the County's Economic Development Committee. Mr. Reeter indicated that the County needed to address water and sewer capacity before entertaining industrial prospects in Washington County. Moreover, he thought that if the EDC could be convinced that our growth-related costs were as advertised, they may be willing to "prefund growth". Mr. Cornett is in the process of coordinating such a presentation for Mr. Reeter's consideration first, then the EDC's. Mr. Reeter is confident that distaste can be resolved and this could be a step in the right direction.

- Mr. Cornett referred the Board to an attached chart of the nonresidential connection fees that are *pending* or *paid* in our water and/or sewer systems for the current fiscal year. Note: highlighted areas indicate updated sections.

Mr. Chase commended Mr. Cornett on his report that was sent to the Board of Supervisors regarding the Project Information Meetings. Mr. Cornett thinks the Project Information Meetings were just as educational for him as the residents who think WCSA projects are funded by grants; those residents now know our projects are funded by loans that WCSA has to pay back over 20 to 40 years. He believes these efforts could possibly better WCSA's communication efforts with County residents. Mr. Chase added that he hopes the Board of Supervisors realize how much some of the projects cost per connection fee. Mr. Stephon commended Mr. Cornett for his letter as well.

**10. Permission to Advertise the Reedy Creek Road Water System Improvements Project for Construction Bids**

Mr. Matthew Lane provided a project update. He noted that there were quite a

few easement issues; they were able to redesign the line to avoid those issues. The project is being funded by VDH. Mr. Lane has been unable to get in touch with those who still need to be contacted. However, he believes they are ready to advertise the project for bids, pending approval from VDH.

Mr. Stephon made the motion to approve advertising the project for bids, pending approval from VDH. Mr. Stephon's motion was seconded by Mr. Stout and was approved by a 7-0-0-0 vote of the Board. Mr. Lane thanked the Board.

**11. Consideration of the Authorizing and Approving the Issuance Award and Sale not to Exceed \$98,983 in Water System Revenue Bonds for the Cost Overrun Loan Funds for the Chestnut Mountain Road Project**

Mrs. Harold reminded the Board that in November, Mr. Canody presented budget overruns for the Chestnut Mountain Road Project. The Board approved accepting additional VDH funds. However, the Board had previously approved the issuance of the bond in 2006 for \$205,000. Mrs. Harold is asking the Board to approve the issuance of the bonds, now including the additional [\$98,983].

Mr. Taylor made the motion to approve the bonds (see attached). Mr. Taylor's motion was seconded by Mr. Stout and was approved by a 7-0-0-0 Board vote.

**12. Permission to Advertise the Exit 13 Wastewater Collection System Phase 1 Project for Construction Bids**

Mr. Hancock expressed that they have made pretty good progress on the project, and hope to receive approval from RD to advertise the project for bids (hopefully prior to the January Meeting). Mr. Hancock sought the Board's

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permission, pending RD approval.

Mr. Stout made the motion to approve advertising the Exit 13 Wastewater Collection Project Phase 1 for construction bids, contingent on RD's approval. Mr. Stout's motion was seconded by Mr. Stephon and was approved by a 7-0-0-0 vote of the Board.

**13. Consideration of Two Amendments to the Route 58 Water Storage Facilities Engineering Agreement**

Mr. Canody referred to Board Update Item #13 for the Board's reference. He provided the following background information:

Subsequent to the development of the engineering agreement approved by the Board and start of construction of the Route 58 Water Storage Tank earlier this year, there have been several developments that have led DAA to seek additional compensation for work already performed or being performed. In summary, these developments are as follows:

- The storm drain from the detention pond to the receiving stream had to be designed and constructed to satisfy the adjoining property owner. For this design work, DAA is requesting [\$3,521] in fees. The cost to construct the work was \$144,000.
- Revision of the erosion and sediment control plan (ESCP), as a result of A. Morton Thomas and the Department of Conservation and Recreation's site visit and revision, resulting in a much more detailed "phased ESCP". For this design work and paperwork, DAA is requesting \$12,506. The cost to construct the work was \$15,884.

Mr. Canody has reviewed these items in detail. He believes their requests are

legitimate and should be approved by the Board. Mr. Canody has run his own spreadsheets since DAA has begun and he believes the costs are on target. The second amendment pertains to the resident project representative (RPR) budget. Contract 1 (the earthwork) is not complete yet and it appears that it will take at least one more month. Second, there needs to be a geotechnical engineer on site to oversee the work; WCSA will be under budget on that. For RPR services, DAA is requesting an additional \$21,600 for the construction of the tank itself by Crom Corporation. Mr. Canody believes there is some possibility that the RPR budget for Contract 1 (geotechnical engineering) will come in under budget by about \$7,000. Again, this could be seen as a reallocation of the RPR budget. Right now, the numbers do not include those savings; WCSA is not assured the savings will be realized. However, with the addition of these charges, WCSA has thoroughly examined the request, the fees do seem justified and WCSA would still be within the project's construction contingency of \$176,351. Mr. Canody explained that a lot of the work is unpredictable. WCSA Staff recommends the Board take action to approve Amendments 1 and 2 to the Engineering Services Contract with DAA for the Route 58 Water Storage Facilities. Mr. Taylor suggested that Board action involve two motions, as he will have to abstain from Motion 1 [due to potential conflict, Conflict of Interest Act]. Mr. Stephon made the motion to approve Amendment 1 (see attached). Mr. Stephon's motion was seconded by Mr. Coleman and was approved by a Board vote of 6-0-1-0 [1: Mr. Taylor abstained (due to potential conflict under the

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Conflict of Interest Act)].

Mr. Cornett clarified that the additional RPR work is for Contract 1. With this information, Mr. Taylor would have to abstain from Amendment 2 as well [due to potential conflict, Conflict of Interest Act] (Note: Mr. Taylor originally made the second motion, but later withdrew for the above reasons).

Mr. Stephon made the motion to approve Amendment 2 (see attached). Mr. Stephon's motion was seconded by Mr. Stout and was approved by a Board vote of 6-0-1-0 [1: Mr. Taylor abstained (due to potential conflict under the Conflict of Interest Act)].

**14. Consideration of an Offer of Funding for the Rich Valley/Whites Mill Road, Tumbling Creek Road South and Nordyke Road Water System Extension Projects**

Mr. Canody reminded the Board that in March 2010, WCSA Staff asked for the Board's permission to apply for funding for four projects from DWSRF (which is run by VDH's assistance program). WCSA applied for \$1.35 million for the Whites Mill/Rich Valley Road project. The cost per connection was estimated at \$52,575, but could potentially cost \$28,309 if all 52 possible residents connect. Mr. Canody referred to Board Update Tab #14. He noted that the Board should have a copy of the funding application, which notes that WCSA committed a \$1,500 connection for each home that agreed to buy a connection; WCSA actually committed a \$1,500 connection for each existing home that could be served.

Mr. Canody explained that on December 1, WCSA received a [loan] offer for \$1.394 million at 3% interest for 30 years for the Rich Valley/Whites Mill

Road Project, a loan of [\$72,911] at 3% interest for 30 years for Tumbling Creek Road South, and a loan for \$387,829 at 3% interest for 30 years for the Nordyke Road Project; the March 2010 Board Meeting minutes further elaborate on the latter project. The Rich Valley Road/Whites Mill Road Project has had 28 of 52 potential connections commit. The Nordyke Road Project could potentially have 18 connections, 14 of which have signed a user agreement; this results in a 78% participation rate. On Tumbling Creek Road South, the project has a potential of 7 homes to be served; 4 homes (57%) have committed. Mr. Cornett expressed that Mr. Cornett and Mrs. Harold have engaged in conversations with VDH. They have been able to get VDH to bring about a few alternatives; one of which is a loan with 2.5% interest over a 20 year term. Mr. Canody noted that at this time, it is the Staff's recommendation to request and accept these loans from VDH under their terms. He opened the floor for questions from the Board.

Mr. Chase asked for clarification of the alternative from VDH, if it is a loan offer with a 2.5% interest rate over a 20 year term; Mr. Cornett affirmed this to be correct. Mr. Stout asked if this offer would apply for all three projects. Mr. Cornett explained that yes; the offer would apply for all three projects and that is what WCSA Staff would propose. Mr. Miller asked if the projects are all ready to be constructed. Mr. Canody explained that the engineering and environmental reviews remain to be completed. Mr. Cornett noted that when the offers were reviewed for internally engineered projects, WCSA found that they could have all three projects ready to be advertised for construction bids



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within 12 months; he noted this to be WCSA's goal (i.e. regarding plans, design, environmental review, easement acquisition, etc.). Mr. Canody explained that this is an aggressive goal, but it is what was done with the Rich Valley Road projects over the course of little over a year. Mr. Cornett added that reviews sometimes get held up for nine months by agencies. Mr. Canody noted that they will complete this in-house, which should take care of a lot of issues. He explained that completing the work is of strategic importance to WCSA as well; for example, Greendale Elementary School still cannot get adequate fire flow. Mr. Miller inquired of the project's location in reference to the Nordyke Road Project; Mr. Cornett clarified. Mr. Taylor made the motion to accept the loans at a 2.5% interest rate over a 20 year term for the Rich Valley/Whites Mill Road, Tumbling Creek Road South and Nordyke Road Water System Extension Projects. Mr. Taylor's motion was seconded by Mr. Stout and was approved by a 7-0-0-0 vote of the Board.

**15. Consideration of Possible Funding for the WCSA Administration Building Addition**

Mr. Cornett explained that for about 15 years, the public has voiced a number of complaints/concerns for WCSA's lobby area. The Board has been sensitive to that over the years. In addition, the building has had HVAC issues and the roof, which was completely replaced 8-10 years ago, leaks and continues to leak to this day. These circumstances prompted the Board to make the necessary adjustments/improvements.

He noted that the Building Committee, which consisted of WCSA Staff and two Board Members, also felt the need for a

2,800 square foot addition to the rear of the building, costing approximately \$800,000. It had been presented to the Board as an agenda item in December 2009 and due to the economic climate, the Board found it appropriate to delay the addition. The Board indicated that they would desire to pick back up the addition if there were funding options. Mr. Cornett indicated that RD has spoken positively to potentially funding the Building Master Plan as an add-on to an existing project in the form of a loan or grant, depending on the project; that would have to be determined at a later stage, once funding had been pursued more formally.

Before proceeding with plans and specs, Mr. Cornett wanted to gauge the Board's interest. The Building Master Plan includes a roughly 2,500 square foot addition to the building. Upon the completion of the renovation work that will begin to take place next month, he explained there will be two offices that will be occupied by two people, and one office occupied by four people (Note: the office shared by four people is in the customer intake area.). However, the other two office spaces are examples of what has been seen in recent years; we are running short on office space. Mr. Cornett still understands that the economic conditions may not be the most favorable. However, now with the new option of RD funding, he wanted to gauge the Board's interest.

Mr. Chase inquired of the current project's cost and what the addition would entail financially. Mr. Cornett explained that the current project will cost \$279,000; the 2,500 square foot addition will cost an additional \$800,000. Mr. Chase asked about the interest rate RD would offer. Mr. Cornett

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explained that the interest rate will depend on if the funding can be added to a current project, such as the Galvanized Line Replacement, the Drinking Water Plant Expansion, etc. The Galvanized Line Project was just closed at a 2.25% interest rate. If the funds are added to a project with grant funds (i.e. the Exit 13 Project [Phase 1]), the offer could be a grant/loan in proportion to the current 1:1.5 grant/loan ratio. Mr. Cornett cannot speak of the scenario for sure unless we proceed to the next step. Mr. Chase asked if WCSA proceeds and finds we cannot get grant money, he inquired what is involved in proceeding to the next step. Mr. Cornett explained that Staff would have to refine the plans and specs to feel comfortable with the cost estimate and be able to present it to RD in light of the timing. Whatever project the Building Master Plan would be made a part of would have to be a project coming up for advertisement of construction bids real soon or that has substantial leftover funds. He explained that this would take a couple months of work. Mr. Chase asked the Commissioners for their opinion. Mr. Taylor asked if there is a need [for the Building Master Plan]. Mr. Cornett expressed that he is not going to say WCSA could not get by with the office space we have for 5-10 years. However, we are getting a little too cozy; at this point, we could go either way. Mr. Cornett explained that WCSA is getting cozy, but he does not see the need for us to occupy additional spaces for another 5-10 years. He explained that we could either address the issues now to be prepared, or we could wait until a greater need arises and address it then. We have moved two individuals out of the building to make room; Jack Garrett and

Johnny Lester, WCSA's Maintenance Manager and Assistant Maintenance Manager, respectively, have relocated their offices to the Maintenance Shop. Also, in the meantime, we are dividing an office in two, and are taking a third of the mail room to make two more office spaces. We will gain three new office spaces, but will lose some much needed filing and storage space, etc. opposed to gaining the space through an addition. Mr. Taylor noted that the competition of construction prices is tight and are the cheapest you will find anywhere. He expressed that if WCSA sees this as a need for sure in the next 5-10 years, maybe we need to look now. Mr. Cornett agreed; construction prices are as good as they've seen in some time. In the future, the prices may increase again. Mr. Stout also noted that contractors are currently looking for work.

Mr. Hutchinson inquired what was involved in the \$800,000 estimate from the current contractor. Mr. Cornett explained that The Lane Group, Inc. provided the architectural assistance for the master plan and the construction cost estimate comes from The Lane Group's work a year ago. Mr. Lane noted that the estimate includes the addition, along with some floor and wall finishes that were not included in Phase 1; the estimate involves a little more work than just an addition. Mr. Cornett affirmed that he wanted to check in with the Board to see where they stood before considering moving further forward. Mr. Chase noted that they did discuss the Master Plan last year and as Mr. Taylor pointed out, WCSA could get the best bang for its buck. Mr. Cornett explained that if they proceed with plans and specs and get the project funded with another project, the Board would have additional

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opportunities to give the thumbs up or down; tonight is not the final call. Mr. Miller expressed that we have taken on a lot of projects lately that are not revenue generated. He inquired if WCSA would want to take on another and acquire more debt.

Mr. Stout inquired how much WCSA is spending annually on Galvanized Line leak. Mr. Cornett explained that according to the Galvanized Line Study that was performed, it was found that the leaks cost WCSA at least \$1.4 million each year to repair and maintain. Mr. Chase expressed that we could go to the next step in funding to see what all is available. At that point in time, the Board could further evaluate. Mr. Stout said he would be willing to propose the aforementioned to see what Mr. Cornett and the WCSA Staff are able to work out; he affirmed that the Board could always turn down moving forward later. Mr. Stout made the motion to proceed and see about funding for the possibility of an addition [through the WCSA Administrative Office Building Master Plan], with the understanding that it can be turned down later, if necessary. Mr. Stout's motion was seconded by Mr. Hutchinson and was approved by a Board vote of 7-0-0-0.

**16. Consideration of Proposals for New Uniforms for WCSA Operations Personnel**

Mrs. Harold explained that around the first week of October, uniform companies brought by uniform samples to be considered. 50 of WCSA's 52 operations personnel were able to vote (Note: the two employees who did not vote were out of town); WCSA was pleased with the high response. She referred to a chart that was provided to

the Board indicating the top items. Operations Personnel had the opportunity to vote on a polyester t-shirt, a button-up Carhartt shirt and a polo shirt. The top two pant options were the Carhartt cargo pant and a straight leg cotton pant. In addition, they could vote on a winter jacket and a pair of coveralls. Mrs. Harold noted that upon getting recommendations, WCSA received proposals back on December 21. They did advertise for Carhartt or equal clothing. In result, they did find out the weight of the coat and pants. She noted that between columns 2 and 3 of her chart, the weights of the shirts are indicated; they were pretty equivalent. One vendor's pants were lighter (which did not qualify as "or equal"). The first vendor offers a five year contract. Upon negotiation with the top two vendors, Mrs. Harold thought G & K offered the best proposal, with no emblem set-up charges, 90-day outfall and no price increases for three years. On behalf of the WCSA Staff, she recommended G & K as the proposed uniform provider. Mr. Taylor noted that W&L [Construction] uses G & K. Upon Mr. Cornett's inquiry, Mr. Taylor affirmed they have had good service from G & K. When asked, Mrs. Harold noted that WCSA currently uses Aramark.

Mr. Stout inquired about the difference between renting vs. leasing uniforms. Mrs. Harold explained that when uniforms are rented, the uniform company is responsible for laundering and when uniforms are leased, the employee is responsible for laundering. Currently, according to Mrs. Harold's survey, there are 30 employees who launder and 20 who do not. Mrs. Harold noted that those who launder will get less number of sets of uniforms. Mr.

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**December 27, 2010 Regular Meeting Minutes**

Stout asked if WCSA was going to let each employee decide what they wanted [launder vs. not launder]; Mrs. Harold affirmed this. She plans to have department supervisors select uniforms for their department to create uniformity within each department.

Mr. Hutchinson asked if G & K had a 90 day satisfaction guarantee. Mrs. Harold affirmed that if WCSA is dissatisfied, we can inform them in writing and G & K will have 60 days to correct the situation; if G & K does not respond accordingly, WCSA has a 90 day out. Mr. Hutchinson made the motion to accept G & K's bid on uniforms. Mr. Hutchinson's motion was seconded by Mr. Stephon and was approved by a Board vote of 7-0-0-0.

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

At the request of Mr. Stout and second of Mr. Hutchinson, Mr. Stephon read the following Closed Meeting Motion:

[Mr. Stout] moved that the Board adjourn to Closed Meeting in accordance with the Virginia Freedom of Information Act, Code of Virginia § 2.2-3711 Paragraph (A) (3): Acquisition and Disposition of Property, 2. To Discuss and Consider the Acquisition of Real Property, Code of Virginia § 2.2-3711 Paragraph (A) (6): Investment of Public Funds, 3. To Discuss Various Inter-municipal and Other Agreements, Code of Virginia § 2.2-3711 Paragraph (A) (7): Legal Advice, 4. To Discuss Potential Litigation, 5. To Discuss Various Inter-municipal and Other Agreements.

In addition to the Board, the presence of Mrs. Dawn Figueiras, WCSA Counsel, and Mr. Robbie Cornett, WCSA General

Manager, are requested.

Mr. Stout's motion was seconded by Mr. Coleman and was approved by a 7-0-0-0 vote of the Board. The Board adjourned to Closed meeting at 8:26 PM.

**Return to Public Session**

Upon a motion by Mr. Stephon, a second by Mr. Stout [erroneously referred to as Mr. Coleman initially], and a 7-0-0-0 vote by the Commissioners, the Board returned to Public Session at 9:54 PM. Mr. Stephon read the following:

**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, § 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. Miller, Mr. Hutchinson, Mr. Stephon, Mr. Chase, Mr. Coleman, Mr. Taylor and Mr. Stout.

**18. Late Items**

Mr. Cornett brought to the Board's attention the consideration of recessing tonight's meeting to a later date to tour

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the WCSA facilities. He expressed that when Board members went on this tour last spring, they expressed how helpful the tour was. He noted that if the Board wanted this to occur before the January Meeting, they would have to recess tonight's meeting. (Note: if there are more than two Board members who plan to attend, they would have to recess the meeting.) If the Board wanted the tour to occur after the January Meeting, they could wait and recess the January Meeting to a later day.

Mr. Stout noted that if January's weather is anything like December's, he suggests the Board postpone taking the tour. Mr. Cornett expressed that there is probably benefit to more Commissioners going at once than less. He added that he does not mind to take one or two Commissioners at a time either; he can accommodate just about any schedule.

Mr. Chase asked Mr. Stout if he had a month in mind for the tour. Mr. Stout suggested touring after January, possibly in February. Mr. Chase expressed that the Board could bring the scheduling of the tour up at a later meeting. Mr. Cornett added that if a day pops up and a Commissioner would like to go before then, he expressed that they are welcome to call him and they will go.

***Late Item #1: Consideration of 1) RD Loan Resolution for \$1,579,000, 2) Grant Resolution for \$1,000,000 and 3) Resolution of the Governing Body for the Exit 13 Wastewater Collection Project Phase I***

Mr. Cornett noted that as the Board is aware, WCSA is attempting to finance approximately seven of its capital projects with Rural Development (RD). Funds have now been obligated for each of these projects: Exit 13 Phase 1, Water Plant Expansion, Route 58 Water

Storage Facilities, Whites Mill Road Improvements and Galvanized Water Line Replacement Phases 1, 2 and 3. To satisfy the letter of conditions, RD requires the Board consider and approve several different items.

In October 2009, the Board adopted a "code of conduct", as outlined by RD, which will be sufficient for all seven projects. Other documents that must be considered and approved include a Resolution of Governing Body and loan and grant resolutions; they were enclosed in the Board's packets. The grant resolution is the only document that is different than previous resolutions that have been passed for other projects. There has been interest in the Exit 13 Project for at least 20 years; this specific phase of the project has been in the works since 2006. The project is being designed by Draper Aden Associates; the Board authorized the advertisement of the project this evening, subject to RD's approval. Presently, WCSA is securing all necessary properties and easements to construct the project and are preparing the plans and specifications for the solicitation of construction bids.

The project will provide public sewer service to 218 existing residents in the Phase 1 Project area, of which 40 have documented septic system failures. Moreover, this project requires a pump station that will serve Phases 2, 3, and 4; combined, these phases contain 364 additional existing residents and businesses. This is a much needed and long awaited project.

Mr. Cornett recommends the Board approve the three resolutions and designate up to two individuals (which can include the Chairman, Vice Chairman, General Manager/Secretary or Controller/Treasurer) to execute the

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closing documents for the Resolution of Governing Body. Mr. Chase asked if three motions were needed; Mr. Cornett affirmed that one motion is sufficient. Mr. Stephon made the motion to approve all three resolutions (see attached) and designate the Chairman and the General Manager/ Secretary to execute the documents. Mr. Stephon's motion was seconded by Mr. Stout and was approved by a Board vote of 7-0-0-0.

**19. Adjourn or Recess**

Mr. Stephon made the motion to adjourn the meeting. Mr. Stephon's motion was seconded by Mr. Miller and was approved by a 7-0-0-0 vote of the Board. The meeting was adjourned at 10:05 PM.



Mr. Joe Chase, Chairman



Amanda Paukovitz, Assistant Secretary

## CERTIFICATE OF SECRETARY

The undersigned Secretary of the Washington County Service Authority (the "Authority"), hereby certifies that:

1. A regular meeting of the Board of the Authority (the "Board") was duly called and held on December 27, 2010 (the "Meeting"), at which the following Board members were present and absent:

PRESENT:	Joseph Chase	Frank Stephen IV
	Wanson Hutchinson	Donald Stout
	Prince Coleman	Kenneth Taylor
	Dwain Miller	

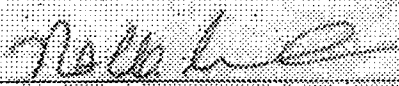
ABSENT:  
None

2. A resolution (the "Resolution") of the Authority entitled "RESOLUTION AMENDING A RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, AWARD, AND SALE OF A NOT TO EXCEED \$205,792 WATER SYSTEM REVENUE BOND AND SETTING FORTH THE FORM, DETAILS, AND PROVISIONS FOR THE PAYMENT THEREOF" was duly adopted at the Meeting by the recorded affirmative vote of at least a majority of all of the members of the Board of the Authority, the ayes and nays being recorded in the minutes of the meeting as shown below:

<u>MEMBER</u>	<u>VOTE</u>
Joseph Chase	aye
Wanson Hutchinson	aye
Prince Coleman	aye
Dwain Miller	aye
Frank Stephen IV	aye
Donald Stout	aye
Kenneth Taylor	aye

3. Attached is a true and correct copy of the Resolution.

WITNESS my signature and the seal of the Washington County Service Authority this 27th day of December, 2010.

  
Robert Cornett  
Secretary, Washington County Service Authority

[SEAL]



**WASHINGTON COUNTY SERVICE AUTHORITY**

**RESOLUTION AMENDING  
A RESOLUTION AUTHORIZING AND APPROVING THE  
ISSUANCE, AWARD, AND SALE OF A NOT TO EXCEED \$205,792  
WATER SYSTEM REVENUE BOND AND  
SETTING FORTH THE FORM, DETAILS, AND  
PROVISIONS FOR THE PAYMENT THEREOF**

A. The Washington County Service Authority (the "Authority") is a public body politic and corporate of the Commonwealth of Virginia (the "Commonwealth") created pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act").

B. Pursuant to a resolution adopted on July 26, 2010 (the "Prior Resolution"), the Authority authorized the issuance, award, and sale of its Water System Revenue Bond in a principal amount not to exceed \$205,792 (the "Bond") and the use the proceeds thereof, along with other available funds, if any, to finance the costs of the extension of water service to the Chestnut Mountain Road area of Washington County, Virginia, together with related expenses (the "Project").

C. The Bond will be sold by the Authority to the Virginia Resources Authority ("VRA"), as Administrator of the Virginia Water Supply Revolving Fund (the "Fund"), pursuant to the terms of a commitment letter from VRA (including extensions and amendments thereto, the "Commitment Letter") and a Financing Agreement (the "Chestnut Mountain Financing Agreement") between the Authority and VRA, to be dated as of a date specified by VRA.

D. Due to an increase in the cost of the Project, the Authority now desires to issue, award, and sell, and VRA wishes to purchase, the Bond in a principal amount not to exceed \$304,774.

**NOW, THEREFORE, after consideration and in furtherance of the public purposes for which the Authority was created, be it resolved that:**

1. **Authorization of Increase in Principal Amount of Bond.** The Authority hereby amends the Prior Resolution in order that the Authority may contract a debt and issue the Bond in a principal amount not to exceed \$304,774. The Prior Resolution is amended so that in each place in the Prior Resolution where the amount of \$205,792 appears, the amount of \$304,774 is substituted therefor.

2. **Filing of Resolution.** Counsel to the Authority is authorized and directed to file a certified copy of this Resolution with the Circuit Court of Washington County, Virginia, pursuant to Section 15.2-5126 of the Code of Virginia of 1950, as amended.



3. Effective Date; Amendment of Prior Resolution. This Resolution shall take effect immediately. The Prior Resolution, as amended hereby, remains in full force and effect.

Adopted this 27th day of December, 2010.



Joseph Chase

Chairman, Washington County Service Authority



Robert Cornetti

Secretary, Washington County Service Authority

**AMENDMENT to**  
**Agreement between Washington County Service Authority (Owner)**  
**and Draper Aden Associates (Engineer), dated March 11, 2010,**  
**for Route 58 Water Storage Facilities**

This Amendment, dated November 1, 2010, amends the Agreement as indicated below.

**EXHIBIT C – Payments to Engineer for Services**

Under Paragraph C.2.05.A.1, change \$143,300 to \$154,800. Under Paragraph C.2.06.A (Summary of Payments to Engineer), under "Additional Services", change \$143,300 to \$154,800, and under "Total Estimated Contract Amount", change \$478,800 to \$490,300.

Under Paragraph C.2.06, under "Additional Services", change "Off-site Permitting" to "Additional Permitting" and increase the amount from \$4,500 to \$12,500. These additional services were required due to additional DCR and County requirements, including the County's re-review of the previously approved erosion and sediment control plan and narrative, and subsequent requirements to provide a much more detailed phased erosion and sediment control plan and narrative, consisting of three phases. This Amendment assumes that off-site permitting will not be required.

b. Additional Permitting \$12,500


Under Paragraph C.2.06 (Summary of Payments to Engineer), under "Additional Services", add "Design of Additional Storm Drain" with an amount of \$3,500. These additional services were required due to the addition of approximately 1,400 linear feet of storm drain after the project was bid, which required revisions to the plans, stormwater quality calculations, and property and easement information.

g. Design of Additional Storm Drain \$3,500

The parties hereto have executed this Agreement:

OWNER: Washington County Service Authority

ENGINEER: Draper Aden Associates

By (Signature): 

By (Signature): 

Typed Name: Robbie Cornett

Typed Name: Richard M. DiSalvo, Jr., P.E.

Title: General Manager

Title: EVP/COO

Date: 10 JANUARY 2011

Date: \_\_\_\_\_

AGENCY CONCURRENCE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

AMENDMENT to

Agreement between Washington County Service Authority (Owner)  
and Draper Aden Associates (Engineer), dated March 11, 2010,  
for Route 58 Water Storage Facilities

This Amendment, dated December 1, 2010, amends the Agreement as indicated below.

**EXHIBIT C – Payments to Engineer for Services**

In Virginia RUS Bulletin 1780-1, Attachment 1, replace Page 2 (as modified by the Amendment dated June 14, 2010) with attached revised Page 2. This Amendment adds nine (9) weeks to the duration of Resident Project Representative Services.

Under Paragraph C.2.06 (Summary of Payments to Engineer), under "Additional Services," change \$43,200 to \$64,800, as follows.

f. Resident Project Representative Services \$64,800

The parties hereto have executed this Agreement:

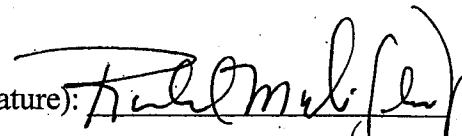
OWNER: Washington County Service  
Authority

ENGINEER: Draper Aden Associates

By (Signature):



By (Signature):



Typed Name: Robbie Cornett

Typed Name: Richard M. DiSalvo, Jr., P.E.

Title: General Manager

Title: EVP/COO

Date: 10 JANUARY 2011

Date: \_\_\_\_\_

AGENCY CONCURRENCE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

If a project is divided such that a portion is eligible for TABLE I compensation and the remainder for TABLE II compensation, fee percentages for Basic Engineering services will be determined based on the total estimated construction cost with each corresponding percentage figure applied to the appropriate portion of construction. The appropriate fee percentage should be computed based on an interpolated value and rounded to the nearest tenth of a percent.

	<u>Cost</u>	<u>Basic Fee %</u>
For example:		
Treatment Plant	\$400,000	15.2
Distribution System	\$50,000	14.2
Water Tank	<u>\$50,000</u>	10.0
Construction Cost	\$500,000	

Projects bid simultaneously shall be considered as one project for the purpose of computing Basic Engineering fees and project representation fees.

For the purpose of calculating fees, construction cost estimates do not include construction contingencies.

Add a new paragraph C.2.04 with the following text:

(Check the applicable paragraph)

\*\* [Construction observation services for the earthwork portion of the work are included in Geotechnical Construction Phase Services, which include Quality Control, Monitoring, Testing, and Inspection. Additional construction observation services, listed below, are for the waterline and tank construction portions of the work.]

☒ A. Full-time project representation will be billed monthly on an hourly basis for the time the inspector spends at the project site. It is estimated that the project representation services will be necessary for 27 40 hour weeks and the hourly fee for the resident project representative will be \$60 per hour. This hourly fee includes any cost associated with Reimbursable Expenses. The total estimated not to exceed fee for this resident project representative is \$64,800.

Billing for additional resident project representatives will also be based on the amount of time the resident project representative(s) spend at the project site. It is estimated 1 additional resident project representative(s) will be provided for an estimated    hours each. The hourly fee for the additional resident project representative(s) will be \$    per hour. This hourly fee includes any cost associated with Reimbursable Expenses. The total estimated not to exceed fee for the additional resident project representative(s) is \$   .

The total estimated not to exceed figure for full-time project representation is \$   .

   B. Part-time project representation will be billed monthly on an hourly basis for the time the resident project representative spends at the project site. It is estimated that the resident project representative's services will be required for a total of    hours. The hourly fee for this resident project representative will be \$    per hour. This hourly fee includes any cost associated with Reimbursable Expenses. The total estimated not to exceed fee for part-time project representation is \$   .

**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE Washington County Service Authority

AUTHORIZING 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  
Sewer

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

**ONE MILLION FIVE HUNDRED SEVENTY-NINE THOUSAND AND XX / 100 DOLLARS (\$1,579,000.00)**

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 \$ 1,000,000.00

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 27<sup>th</sup> day of December, 2010

Washington County Service Authority

(SEAL)

By

Jae Chase

Title

Chairperson

Attest:

Robbie Cornett

**Robbie Cornett**

Title Executive Director

**WATER OR WASTE SYSTEM GRANT AGREEMENT**  
**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**RURAL UTILITIES SERVICE**

THIS AGREEMENT dated \_\_\_\_\_ between

Washington County Service Authority

a public corporation organized and operating under \_\_\_\_\_

Chapter 28, Title 15.1, Code of VA, 1950

*(Authorizing Statute)*

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 3,869,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 2,869,000 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 2,869,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 1,000,000 or 25.85% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 25.85% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

**GRANTEE AGREES THAT GRANTEE WILL:**

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes

of service, adopted by resolution dated \_\_\_\_\_, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.



3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

**[Revision 1, 04/17/1998]**

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

**This Grant Agreement covers the following described real property (use continuation sheets as necessary).**

**See the attached Exhibit A.**

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

**[Revision 1, 04/17/1998]**

**1. Use of equipment.**

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

- (a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.
- (b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

- (1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.
- (2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
- (3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

- (a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.
- (b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

**This Grant Agreement covers the following described equipment (use continuation sheets as necessary).**

**Any equipment associated with the real property described in the attached Exhibit A.**

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

- A. Will make available to Grantee for the purpose of this Agreement not to exceed \$1,000,000.00, which it will advance to Grantee to meet not to exceed 25.85% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

- B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

- C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

## Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairperson

and attested and its corporate seal affixed by its duly authorized

Executive Director

Attest:

*Amanda N. Paulovitz*

By:

*Robbie Cornett*

Robbie Cornett

(Title) Executive Director

By:

*Joe Chase*

(Title) Chairperson

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By:

(Title)

**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 27<sup>th</sup> day of December, ~~2009~~ 2010, 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 Exit 13 Sewer 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 Executive Director or Chairperson 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 AUTHORITY**

**Attest:**

Amanda N. Aubourty  
CLERK

By

Joe Chase

, CHAIRPERSON

**CERTIFICATION**

I hereby certify that the above resolution was duly adopted by the Washington County Service Authority, at a duly assembled meeting on the 27<sup>th</sup> day of December, ~~2009~~ 2010.

Robert L. [Signature]  
CLERK