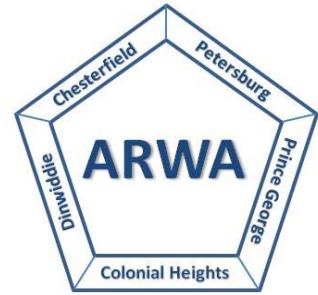


Appomattox
River
Water
Authority



21300 Chesdin Rd. - Petersburg, VA 23803 - Phone (804) 590-1145 - Fax (804) 590-9285

Appomattox River Water Authority Board of Directors Meeting

DATE: August 18, 2016

TIME: 3:00 PM

LOCATION: Appomattox River Water Authority
Board Room, Administration Building
21300 Chesdin Road
Petersburg, Virginia 23803

AGENDA

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Regular Board Meeting on June 15, 2016 and July 21, 2016
3. Public Comment
4. Executive Director's Report:
 - Reservoir Status Update for July/August 2016
 - Resolution on ARWA/SCWWA Salary Split on Board Approved IT/Instrument Positions
 - Ted Cole on Financial RFP Proposals Received and Davenport's Recommendations Related on Bond Funding (\$11.8M In-Plant Capital Projects plus Refinance the 2012 Bond)
 - Status Report: Ongoing Projects/Financials
5. Items from Counsel
6. Closed Session
7. Other Items from Board Members/Staff Not on Agenda
8. Adjourn

Cc:W. Dupler/George Hayes, Chesterfield
D. Harrison, Petersburg Public Works
C. England, Prince George
W. Henley, Colonial Heights
R. Wilson, Dinwiddie Water Authority
A. Anderson, McGuire Woods

1. Call to Order/Roll Call

2. Approval of Minutes: Minutes of the Regular Board Meeting on June 15, 2016 and July 21, 2016

Following are the minutes of the June 15, 2016 Appomattox River Water Authority Board of Directors Meeting, including requested additions, and the July 21, 2016 Appomattox River Water Authority Board of Directors

Absent any corrections or revisions, we recommend approval of the minutes as submitted.

BOARD OF DIRECTORS MEETING
Appomattox River Water Authority
June 15, 2016 at 2:00 p.m.
Location: Appomattox River Water Authority
21300 Chesdin Road, Petersburg, Virginia

PRESENT:

Thomas L. Mattis, Chairman (Colonial Heights)
Percy Ashcraft, Secretary/Treasurer (Prince George)
Kevin Massengill, (Dinwiddie)
James J.L. Stegmaier, (Chesterfield)
Dironna Belton, (Petersburg)
George Hayes, (Alternate, Chesterfield)
William Dupler, (Alternate, Chesterfield)
Charles England, (Alternate, Prince George)

ABSENT:

Robert B. Wilson (Alternate, Dinwiddie)
William Henley (Alternate, Colonial Heights)
Daniel Harrison (Alternate, Petersburg)

STAFF:

Robert C. Wichser, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Arthur Anderson, (McGuire Woods)
Melissa Wilkins, Accounting/Office Manager (ARWA & SCWWA)
Kathy Summerson, Administrative Assistant (SCWWA)

OTHERS:

Herb White, WW Associates
Ted Cole, Davenport
Benjamin May, Womack Publishing
Mark Rubin, The McCammon Group

Mr. Mattis, Chairman, called the meeting to order at 2:05 p.m.

1. Call to Order/Roll Call.

The roll was called.

2. Approval of Minutes: Minutes of the Regular Meeting of the Board May 19, 2016.

Upon a motion made by Mr. Massengill and seconded by Mr. Ashcraft the following resolution was adopted:

RESOLVED, that the minutes of the Regular Meeting of the Board on May 19, 2016 are hereby approved:

For: 4 Against: 0 Abstain: 0

3. Public Comment

There were no public comments.

4. Executive Director Report

• **Reservoir Status Update for May 2016**

Dr. Wichser reported on the reservoir status update for May 2016. Mr. Stegmaier asked Dr. Wichser about the \$5 million grant and Dr. Wichser replied that the Authority has until June 2017 to make a decision. If accepted, it's a matching grant. Our recommendation now as it was in November 2015 is that the Authority is not moving forward at this time. Mr. Stegmaier asked the other members if they had a problem with Chesterfield going after the \$5 million. Dr. Wichser said he didn't think the present narrative in the grant could be changed back to the original wording. Mr. Ashcraft stated that in November it was understood that there would be an annual review of the dam raise. Dr. Wichser said after the modeling is done at the end of October, he would bring the annual review to the Board in November. Mr. Mattis suggested the grant item be put on the Agenda for the next Board meeting. Dr. Wichser said according to the matching grant provisions, as long as an action is approved to move forward with the raising of Brasfield Dam by June 30, 2017 the matching funds should be available. Mr. Stegmaier said they would have a proposal that would say under these circumstances Chesterfield would be interested in pursuing the raising of the dam. He asked Dr. Wichser to outline any hurdles that Authority members would have to consider before agreeing with Chesterfield to raise the dam and go into the permit process. Dr. Wichser said he provided this kind of information in January 2015 with some of the issues facing ARWA members but will certainly provide this kind of information again in a memo for Board review in the July Board Meeting package. Mr. Anderson stated that we are sending out another revised Service Agreement within the next two weeks. Dr. Wichser has reached out to the Engineering Staff to set up a meeting to review the draft Service Agreement on July 13th before the next Board meeting.

• **Presentation by WW Associates on Value Engineering Results: Branders Pump Station and Ground Tank**

Dr. Wichser introduced Herb White of WW Associates. Mr. White presented the Value Engineering results on the Branders Pump Station and Ground Tank. After Value Engineering the preliminary design, and by obtaining more detailed price quotes, and consulting with contractors the original construction cost estimate of \$5.15 million was decreased \$1.6 million to \$3.55 million.

Ms. Belton arrived at 3:05 p.m.

- **Presentation by McCammon Group on Mediation Services Related to Branders Pump Station and Ground Tank**

Dr. Wichser introduced Mark Rubin of The McCammon Group who gave a presentation on mediation services and how he would expect to proceed in relation to the Branders Pump Station and Ground Tank.

Upon a motion made by Mr. Ashcraft and seconded by Mr. Stegmaier the following resolution was adopted:

BE IT RESOLVED, that the proposal with McCammon Group is hereby approved with corrections and adding an amendment to include all topics related to the Service Agreement and potential recommendation for a resolution thereof:

For: 4 Against: 1 (Mattis) Abstain: 0

- **Presentation by Davenport's Ted Cole on Financing Options and Proposed Schedule Related to the \$11.8M In-Plant Capital Projects**

Dr. Wichser introduced Ted Cole with Davenport who reported on financing options and the proposed schedule related to the \$11.8 million In-Plant Capital Projects. Dr. Wichser stated he was asking the Board to let Davenport move forward to issue an RFP to the banks and also to prepare and submit an application for the fall VRA pool. Dr. Wichser stated that when the RFP responses are returned, we will brief the Board with the interest rates and terms proposed. Mr. Cole said they could write it in a way that talks about the upper end of the amount and will call it \$12 million. That would allow all of you to say that we've got an opportunity to participate through ARWA at a percent and that would allow you to make a determination if you wanted to do that or bring your own funds to the table. Davenport can write the RFP where the jurisdictions have that flexibility to opt out. There would be no cost to develop the RFP or submit an application to VRA for the Fall Pool.

Upon a motion made by Mr. Ashcraft and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the Board approves Davenport to move forward to issue an RFP to the banks and also prepare and submit an application for the fall VRA pool.

For: 5 Against: 0 Abstain: 0

- **Election of Authority Vice-Chair**

This item will be discussed by the Board at the July 21, 2016 meeting.

- **Discussion by the Board on Authority Legal Services**

Dr. Wichser reported on the discussion by the Board on seeking outside interest in providing ARWA/SCWWA Authority Legal Services. He asked if Board members had anyone they wanted to recommend to email the list to him. He also handed out draft copies of the RFP to Mr. Ashcraft.

Upon a motion made by Mr. Ashcraft and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the Executive Director put out an RFP for legal services.

For: 5 Against: 0 Abstain: 0

Note: The ARWA/SCWWA Request for Legal Services RFP was advertised on June 26, 2016 in the RTD & Petersburg newspapers, and posted on the ARWA/SCWWA websites.

- **Status Report: Ongoing Projects/Financials**

Mr. Gordon presented the Status Report of Ongoing Projects/Financials.

5. Items from Counsel

There were no items from Counsel.

6. Executive Session

There was no Executive Session.

7. Other Items from Board Members/Staff Not on Agenda

There were no items from Board Members/Staff Not on Agenda.

8. Adjourn

Upon a motion made by Mr. Massengill and seconded by Mr. Stegmaier the meeting was adjourned at 4:22 p.m.

The next Board meeting is scheduled for Thursday, July 21, 2016 at 2:00 p.m. at the Appomattox River Water Authority.

MINUTES APPROVED BY:

Percy Ashcraft
Secretary/Treasurer

BOARD OF DIRECTORS MEETING
Appomattox River Water Authority
June 15, 2016 at 2:00 p.m.
Location: Appomattox River Water Authority
21300 Chesdin Road, Petersburg, Virginia

Additions to the June 15, 2016 Board of Directors meeting minutes:

Chesterfield County verbal discussion on raising the dam ensued. Mr. Massengill stated for the record that Dinwiddie County has been opposed to the dam raise. The Dinwiddie Board of Supervisors voted unanimously in 2015 based on the scientific data they had at that time. Dinwiddie County made their decision predicated upon three separate independent engineering and scientific reviews and concluded that as a sense of necessity, raising the dam at this time was not justified. That being said, Mr. Massengill fully understands that the Commonwealth's budget amendment related to raising the dam limits the \$5 million matching grant to sunset next June 2017, and that one particular jurisdiction or any combination of ARWA jurisdictions could use those funds. He stated that it doesn't have to be the Authority as a whole. It does say a member jurisdiction has to be agreed by the five municipalities. The question became, is there a desire of any one of the five of us to independently do this project? Mr. Massengill stated that he knows Colonial Heights position was the two municipalities that touch the lake, Chesterfield and Dinwiddie, and that if you did have a member of the Authority staunchly opposed to raising the dam, that it wouldn't be forced upon them. He stated that this appears to be a different conversation today since there is some conversation related to the use of the \$5 million grant. Mr. Massengill stated that Dr. Wichser sent correspondence to the State Department of Environmental Quality requesting greater clarification of what the grant could and couldn't be used for. We know that it is for the dam raise and that any member jurisdiction, he believes, could go after these funds. Scientifically he thinks Dinwiddie's representation is that the project is not needed at this time and that's probably based on the Authority's recommendation. However, \$5 million is \$5 million, so if he puts Mr. Stegmaier into too much of a position, but if there is some desire of Chesterfield County to move forward with this particular project, that's something the Authority needs to hear too. He has heard some conversation that Chesterfield may be in a position to want to do the project (raise the dam) independently of the other jurisdictions and maybe not go as high as what we were talking about, or maybe that would limit some of the road bridge work to be done around Whippernock and Cozy Cove. Mr. Massengill stated that he thinks some things that we'd have to put checks in the boxes would be what does this do for the Army Corps of Engineers related to wetlands and what does it do to our existing Virginia Water Protection Permit. At best, we could expect that the permit would be re-evaluated, and the question becomes do we maintain the existing favorable permit. Mr. Massengill thinks it's a sense of education to the residents of Dinwiddie County and Chesterfield County. If \$5 million could be leveraged and Chesterfield wished to match those funds independent of the Authority through some type of project to be defined, from Dinwiddie County's perspective, then they are not opposed to that. They would entertain any type of project that Chesterfield County might propose. He hasn't gone back to his Board of Supervisors and engaged them formally or informally and he stated that it appears that there's a desire of Chesterfield County to explore this option. If there is, he thinks there are some hurdles that have to be jumped over. We haven't talked as a group on whether that's really the project. Dinwiddie County doesn't want to be the cause for \$5 million not to be used. If Chesterfield has the desire to explore doing this independently, and he's noted that he was not speaking for Colonial Heights, Prince George or Petersburg; that's not what was originally taken to his Board of Supervisors and received their opinions on it. If that's something that Chesterfield is wanting to investigate, they should bring back a proposal.

If this is truly something that Chesterfield is interested in and willing to pay for in it's entirely, Mr. Massengill stated that he is willing to take this back to his Board of Supervisors for consideration. Mr. Massengill does think there is a responsibility of staff to adequately inform everyone as to where impacts to the Authority may occur. He stated, "What does it do to the water protection permit that services this region, and what are the implications of that? That's a policy issue that somehow may affect us and then also this would be the single largest wetlands construction project in Virginia. This comes with some environmental criticism and so this Authority would have to respond to that affect." He stated that

if there is some type of formal position in Chesterfield, an “X” amount of inches that you wish to raise the dam at completely 100% your cost, then he thinks as Mr. Mattis indicated he would be more than happy to take that back to his Board for consideration. Mr. Massengill stated that he thinks that’s the percent of ownership and it’s the responsibility of the Authority staff to get back to us on any policy implications.

Mr. Herb White, President of WW Associates presented on Brander’s Bridge Pump Station and Ground Tank Value Engineering Analysis. Mr. Massengill stated that in the presentation that Mr. White mentioned peak flow demand versus average daily demand and asked if that is traditional that we build toward peak demand versus average demands. Mr. Massengill stated that he was talking to Robert Wilson about earlier reports on this subject, and that Mr. Ashcraft had referenced an older report where the concept of installation of variable frequency drives in Chesterfield’s Happy Hill pump station were a means to potentially reduce Chesterfield’s peak demand but that’s not being mentioned by Mr. White and asked if it were still a recommendation by Mr. White. Mr. White stated that it was one of their short-term recommendations to put variable drives on Chesterfield Pump Stations at Happy Hill and Enon to better manage their peak demand.

He stated Mr. White made comments about summer’s demands. Mr. Massengill stated that he knows Chesterfield uses a lot of demand capacity in the warm months driven by irrigation needs at that time. He and Mr. Wilson started talking this thing through, and he had asked Mr. Wilson if you look at the average daily flows, and it’s a 30 inch water line that handles the flow, he then asked Robert what the velocity of that flow would be when flow would be about 17.2mgd, which is a referenced flow of about 4.5 to 5 feet per second, and as a rule this size transmission line should provide the overall demand capacity needed by Chesterfield. If you look at it from just an average flow over the past five years; we went back and looked at this five years of demand data (we asked Dr. Wichser to get that information to Mr. Wilson, which staff did) Chesterfield on an average is using 8.1 mgd, City of Colonial Heights both meters 1.7 mgd and Prince George at 0.6 mgd, which represents an overall daily usage of about 10.4 mgd, and that’s 61% of the 30 inch transmission line that’s being used on an average basis. But yet we’re looking at it again, designing that event that we’re seeing based on these peak demands. It’s a little bit of a cost benefit analysis questioning a possibility of implementing the VFD’s by Chesterfield County to buy a little bit of time. He stated that he guessed that this would be a short-term recommendation. Mr. Massengill stated that he is saying this from Dinwiddie’s perspective since this is the eastern portion of the ARWA transmission line and it’s not affecting Dinwiddie or the City of Petersburg. He respects the fact that the engineers have probably spent a lot of time working on this issue, but when he looked at this with Mr. Wilson asking some questions, he thinks it’s something to consider the fact that 61% of that line is actually being used every day but yet the Brander’s Bridge issue seems to be huge for this Authority. If there are other alternatives out there that have been dismissed, then again it may be from a policy perspective but he didn’t recall until actually getting back to the original report that mentioned this (VFDs) as a short-term option. He doesn’t know what the cost of this (Chesterfield County implementing the VFD’s at their pump station) is compared to what we are talking about here today. We are an Authority and we have one jurisdiction that is a little bit struggling. We are getting ready to hear from Mr. Ted Cole of Davenport in a little bit about the long-term capital projects bond funding acquisition. He hopes we can keep all options on the table and if VFD’s are an opportunity, again he’s looking over at Chesterfield County and he thinks it’s on their side of the house, but some of these cost benefit analysis are gut checks. Mr. Massengill asked Dr. Wichser if this was a peak hour problem and was told it was a peak hour and day issue, not average day issue. Mr. Massengill asked Mr. White if peak day was generally seen in the summertime and was told yes. Mr. Massengill asked if it were a stretch to say that’s probably due to irrigation and Mr. White said that’s not a stretch. Mr. Massengill said the stress on the system is caused mainly due to irrigation on those peak days and was told yes.

Mr. Ashcraft stated that some forty years ago somebody thought that this was a good project (the existing design of the ARWA transmission system) and if there is a better way that needs to be brought to light. Mr. Massengill said even if there were prior recommendations that had been dismissed at that time, for example we are just talking about raising the dam as one of those. If there are prior recommendations that will get us off the football somewhere in this region and maybe some sound engineering advice out there. We may have dismissed it and it’s gone and just assumes that’s no

longer an option. He told Mr. Ashcraft that he's with him on that and he knows that the eastern most section Prince George is in and we're kind of in a little bit of a quandary between the three municipalities affected by beneficial use. He went back and started asking Mr. Wilson some questions and he started to get more information back. He thinks there had been some sound recommendations that had been made, many of which maybe hadn't been approved upon. Again, from Dinwiddie's County perspective as one of the policy makers here it doesn't affect them directly. If there's an option of even going back and turning some stones over again to evaluate this, he thinks it should be evaluated. Mr. Stegmaier said there's an engineering answer that hadn't been presented to us. He thought he heard Dr. Wichser say it doesn't really solve the problem. Mr. Massengill said he thought it got to that peak day issue or that peak demand issue. This does seem to become an issue in the summer time, which is probably irrigation related. He thinks our entire job is to kind of evaluate cost benefit, making sure we are making prudent financial decisions. Some of these things maybe we could, even if we had a short term fix that has longer term investments need to be made, he would think we want to look at that if that's a way to get us committed to some type of overall approval.

Mr. Massengill said when he was talking to Robert Wilson he remembered Herb White making the comment about the VFD's as an option to help the issue. He doesn't think he really understood exactly what the VFDs are. It was a way to potentially reduce the overall peak demand at Chesterfield's Happy Hill pump station. If there was a way to reduce the daily warm months peak demand and we are able to operate more on the average day numbers, the stress on this section of the transmission system doesn't seem to impact Prince George as much to get the water there as much as it is on peak day in the summer time being impacted by landscape irrigation. Mr. Massengill stated that analytically he doesn't know that a proposal related to implementing the VFD's at Happy Hill actually was fully considered and said "the investment of VFD's is 'X'", which he thinks could be a lot cheaper than the estimates for the pump station and ground tank. Using that in the short term, he doesn't know if that formal proposal has ever been given and maybe it has, or maybe it's in a recommendation letter and we just breezed by it. Maybe the engineers looked at it and decided it wasn't the best thing overall. No offense but that is a policy decision, right? Mr. Massengill asked Mr. White if it's prudent to design your pipeline transmission system to carry peak day demands. Mr. White responded yes, its standard engineering practice to design for peak day.

MINUTES APPROVED BY:

Percy Ashcraft
Secretary/Treasurer

BOARD OF DIRECTORS MEETING
Appomattox River Water Authority
July 21, 2016 at 2:00 p.m.
Location: Appomattox River Water Authority
21300 Chesdin Road, Petersburg, Virginia

PRESENT:

Thomas L. Mattis, Chairman (Colonial Heights)
Percy Ashcraft, Secretary/Treasurer (Prince George)
Kevin Massengill, (Dinwiddie)
Joseph Casey, (Chesterfield)
Charles England, (Alternate, Prince George)
Robert B. Wilson (Alternate, Dinwiddie)

ABSENT:

Dironna Belton, (Petersburg)
George Hayes, (Alternate, Chesterfield)
William Dupler, (Alternate, Chesterfield)
William Henley (Alternate, Colonial Heights)
Daniel Harrison (Alternate, Petersburg)

STAFF:

Robert C. Wichser, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Arthur Anderson, (McGuire Woods)
Melissa Wilkins, Accounting/Office Manager (ARWA & SCWWA)
Kathy Summerson, Administrative Assistant (SCWWA)

OTHERS:

Mike Gamble (McCammon Group)	Larry Toler (CMHA)
Roy Covington (Arcadis)	Al Buckhaults (CMHA)
Brennan King (McGuire Woods)	Tom Green (citizen)
Mark Flynn (Attorney, Petersburg)	Mark Kruger (citizen)
Mike Nannery (Chesterfield County)	Barbara Williams (citizen)
Burton T. Davis (citizen)	Ernest Shifflet (U.S. Gov.)
Bill Roberts (citizen)	Jeffrey Allen (citizen)
Leonard Devier (citizen)	

Mr. Mattis, Chairman, called the meeting to order at 2:04 p.m.

2. Call to Order/Roll Call.

The roll was called.

2. Approval of Minutes: Minutes of the Special Meeting of the Board on May 3, 2016.

Upon a motion made by Mr. Massengill and seconded by Mr. Ashcraft the following resolution was adopted:

RESOLVED, that the minutes of the Regular Meeting of the Board on May 19, 2016 are hereby approved:

For: 3 Against: 0 Abstain: 1 (Casey)

Approval of Minutes: Minutes of the Regular Meeting of the Board on June 15, 2016:

Mr. Massengill requested that he wanted his comments in the minutes from the last Board meeting. These comments were related to the Branders Street Pump Station and raising the dam. The Minutes to be approved upon corrections.

3. Public Comment

Mr. Mattis stated that we are not here to make any presentation on raising the dam. There will be conversation under the Executive Director's Report related to this item. There was some conversation about further discussion on this issue. A year ago the Board had already taken unanimous action to not proceed with that project at that time, but Mattis stated that doesn't mean the topic is dead. Mr. Massengill added that the Executive Director would be going over a four page memo in his report for consideration related to issues of concern on raising the dam.

Larry Toler stated that he is President of the Chesdin Manor Homeowners Association. He came to the meeting due to a lot of people in the Association coming to him and expressing concerns about the raising of the dam. He promised them that he would share as much information as he could in time to give a valid response from the Homeowners Association point of view.

Tom Green stated that he is a landowner on Lake Chesdin and asked if this Board had done any study on the erosion that they get from the boat wakes. Mr. Mattis said the purpose of this agenda item is just for comments for people to share. Mr. Green said he just wanted to know because if it had been studied and determined you're not doing anything it makes his comments a moot point. His request would be that you at least look at the amount of erosion we are getting. He feels like motor boat wakes are eroding the banks and it's also putting silt in the bottom of the lake, and every six inches of silt you get in the bottom of the lake that means millions of gallons of water lost.

Barbara Williams stated that she owns Whippervock Marina. They were under the understanding that today was when Chesterfield County was going to present a proposal to raise the dam. She wants to know why Chesterfield County wants to

raise it. The water level has been consistent ever since they put the water level gauges in there for lowering and raising the lake. So why do they want to raise it now? Does Chesterfield County need that much more water or is it because some contractors are building houses above Whippernock Marina and they need waterfront to sell these lots. That's more or less what she wants to know. If they are raising the dam, are they going to pay for raising the VDOT bridges? That's all the questions she has. She may have more questions later but these are the most important. Mr. Mattis said

we would take those questions under advisement. He thanked all citizens coming out today and he hoped everyone had confidence in knowing that any project to raise the dam would be a huge substantial project that the Board and ARWA would completely recognize. Whatever happens in that regard, Mr. Mattis stated that he felt comfortable in promising that it would not happen at one meeting with one vote. There would be a lot of discussion about it, a lot of disclosure, a lot of transparency about those decisions. The Board does not take that responsibility lightly. If you pay attention to the agendas you'll have plenty of opportunity to weigh in on this project if we move forward.

4. Executive Director Report

- **Reservoir Status Update for June 2016**

Dr. Wichser reported on the reservoir status update for June 2016. The reservoir is full and the dam is overflowing. The hydro has been off line since July 4, 2016.

- **Board Items for Consideration: Raising the Brasfield Dam**

Dr. Wichser reported that at the June Board meeting the Board asked him to put together a list of some of the items for consideration by this Board if in fact, one of our jurisdictions was permitted to move forward with raising the dam. He stated that the memo is in the Board package for review. Mr. Mattis said this topic came up at the last Board meeting by Mr. Stegmaier who stated that there's a scenario whereby Chesterfield County might be interested in paying all costs for raising the dam. Chairman Mattis asked Dr. Wichser about all the questions he was asking in the memo. Dr. Wichser replied that the bullets in the memo present elements and items that the Board should be concerned about, concerns that the Authority should be aware of and possible impacts on not only the Authority but by the entire five membership. The memo also questions impacts from many items not included in the January 2015 estimates of costs for raising the dam. These are questions and items that not only the Authority and Board would want answers to, but also the Regulatory agencies will be asking. These are questions related to receiving the regulatory permit to implement the project and information that would have to be gleaned, defined and accepted by the regulatory community. Many of these questions are questions that have not been answered to-date. Mr. Mattis asked Dr. Wichser if these were questions that needed to be answered and Dr. Wichser replied no, certainly not at this time. Mr. Massengill stated that at the last meeting Mr. Stegmaier mentioned that Chesterfield independently may have interest to use the state \$5 million dollar grant money which sunsets in June 2017. The reason he said what he did about in the minutes, is that he threw out five or six high level important issues, but insinuated that if Chesterfield County wanted to evaluate those and then submit some type of formal proposal or presentation back to the Authority Board, he felt like that would be what was in order so we could go back to our Boards of Supervisors to discuss. From Dinwiddie's perspective there are some direct issues that affect Dinwiddie County that they would want answers to before moving forward. Dr. Casey said just to provide clarity for continuing with this issue, (raising the dam) is part of his transition items to address from Mr. Stegmaier's administration. The one topic he focused on in reference to this was that the \$5 million dollar grant, the sunset of it in June 2017 and what is the plan to best leverage that money and consideration of a proposal. Dr. Casey stated that most likely Chesterfield County would confer with the Executive Director and staff to help formulate any proposal for ARWA's Board consideration. Mr. Massengill said that when he talked about the five or six issues and as Dr. Wichser said there are more that need to be evaluated, we're on an annual review for the need to consider raising the dam. The Authority's official stance voted unanimously against raising the dam at this time, however, the Authority conducts a re-evaluation on this subject annually that is presented to the Board. Our last evaluation of this was in November or December of 2015. Mr. Mattis stated that the \$5 million grant with a provision that would end of June 2017 is what he thinks started Mr. Stegmaier saying that maybe Chesterfield County is willing to do this independently. He told Dr. Wichser that the memo provided would help Dr. Casey and Chesterfield County look at these items, which would be an independent project for Chesterfield County but also recognizing that they have secondary issues and indirect issues with the rest of the Authority and its members. Mr. Ashcraft asked Dr. Wichser that when the Board took a vote in January of 2015 was this information given to the Board at that time and Dr. Wichser replied approximately seventy percent of the items were addressed. Mr. Ashcraft said to the citizens that are interested in this subject they have the opportunity to see these correspondences. Dr. Wichser said the Board package certainly is posted on ARWA's website.

Dr. Wichser went over the memo with the Board members. He stated that the question becomes, when you look at this project in entirety would the jurisdictions take over the total project costs because his belief is this project is going to cost well over \$25 million to complete. Mr. Ashcraft asked Dr. Wichser about his statement that the vote was taken in January 2015 and was told the original vote was taken then. Mr. Ashcraft asked, if anything dramatically changed from that point to the present that would cause us concern under our annual review that has happened to make this Authority to be

alarmed or that would cause this project (raising the dam) to be different than when the Board voted in January 2015. Dr. Wichser stated a year after that the Board voted the Authority to move forward annually with modeling analysis, updating the model. What this means is ARWA spent well over a year and a half modeling the reservoir. We re-ran that model a year ago and what it showed was that the existing conditions found in 2013, i.e. the demand and the reservoir inflows were still well within the initial model expectations. We will re-model again in October and will present the findings to the Board hopefully by November. Mr. Ashcraft said the real significant point to any discussion as we move forward in this year is that you have an outside locality that is stepping up with the possibility of paying for the project and Dr. Wichser replied, he agreed. Mr. Anderson said the only other thing would be the General Assembly taking the action that put that sunset on it in June 2017. That doesn't mean that the money has to be spent by then, however, the ARWA Board must take action to ultimately proceed. He said it wasn't clear what type of action the General Assembly was looking for, but we can probably find that out.

Mr. Mattis said there was no action on this item today. He stated he assumes that we can agree and stipulate that whatever point in time if there ever is a presentation about raising the dam that it would specifically be placed on the agenda. Mr. Ashcraft referred to the pursuit of the \$5 million and wanted to know if that was ARWA's position to pursue the grant or Chesterfield's position as a

locality trying to get the money for the project. Dr. Casey said he had been taking notes from different people and that this topic started in 2013 in the Appropriations Act. He read an excerpt from it. "In the 2013 Appropriations Act of the General Assembly Delegate Cox sponsored a bill for \$5 million matching grant for increased water supply." The narrative related to the grant back in 2013 was "up to \$5 million for the Appomattox River Water Authority to increase the supply of drinking water for the counties of Dinwiddie, Prince George and Chesterfield, the cities of Colonial Heights and Petersburg and the U.S. Army Garrison at Fort Lee and to improve stream flow within the Appomattox River. The amount provided shall be matched by local contributions from any one or more effective Local Governments totaling \$5 million." In the most recent action of the 2016-2018 Biennium, which is the budget that we are living under in the Commonwealth of Virginia, the additional wording was referenced to this particular grant. "If the Board of the Appomattox River Water Authority does not approve an action to move forward with the raising of the Brasfield Dam prior to June 30, 2017, the authorization for \$5 million and the Virginia Public Building Authority Bonds for such project included in Chapter 8062013 Acts of the General Assembly shall expire."

- **Election of Authority Vice-Chair**

The following officer was elected to serve as Vice-Chairman of the Board of Directors of ARWA to serve out the term vacated by William E. Johnson, III.

Kevin Massengill was elected Vice-Chairman of ARWA's Board of Directors on a motion made by Mr. Ashcraft and seconded by Dr. Casey.

For: 3 Against: 0 Abstain: 1 (Massengill)

- **Status Report: Ongoing Projects/Financials**

Mr. Gordon presented the Status Report of Ongoing Projects/Financials.

5. **Items from Counsel**

Mr. Anderson gave a brief report on the last Service Agreement. He stated there was an Engineering/Member Attorney meeting last week to go over the draft updated Water Service Agreement. He stated that we are still working through it. A few comments were made that can be worked through but there were two exceptions to that; number one being Branders Bridge Pump Station project, the construction schedule and who is going to pay for that; and two, a desire to discuss and reflect in the Water Service Agreement a procedure for moving forward eventually with the second transmission main.

Prior to that meeting he assisted in conducting a process to select a mediator that would be satisfactory to everyone. He introduced Michael Gamble who was the unanimous choice of all localities.

7. **Other Items from Board Members/Staff Not on Agenda**

Hon. J. Michael Gamble stated he is with the McCammon Group and he presented an overview of the mediation process. Mr. Mattis stated that Colonial Heights never agreed to any type of mediation other than the Branders Bridge Pump Station, but it now appears this process will also include the future transmission main. Mr. Gamble stated this is all voluntary and no one is forced to do anything. He further stated he has had greater than eighty five percent success rate with mediation. Mr. Ashcraft asked if all localities would be participating. Mr. Massengill said he didn't know if there was much value in Dinwiddie on the Branders Bridge aspect of this other than an outlying community that can express its views to the extent that the Authority feels

as if Dinwiddie's participation is needed. Mr. Mattis discussed with Mr. Gamble about the Branders Bridge project and the Service Agreement, but he doesn't recall them talking about the transmission line. Mark Flynn stated that he is an attorney for City of Petersburg, and is here on their behalf. Mr. Gamble stated it's more effective if everyone participates.

Mr. Mattis asked Dr. Wichser if he had heard from the City of Petersburg and Dr. Wichser replied he hasn't heard directly from them. Mr. Anderson stated that Daniel Harrison was at the last session and he was aware of the issues. Mr. Mattis said if the talk is about the transmission main then everyone should be included. He is not sure he agrees with it. Mr. Gamble asked Mr. Anderson if they could get together to discuss narrowing the issues beyond Branders Bridge within the next couple of weeks, and Mr. Anderson said yes. Mr. Gamble stated that an outline of issues will be provided to Board members to review and then a date can be set to conduct the actual mediation sessions.

6. Closed Session

Mr. Anderson read the Certificate to go into Closed Session.

Upon a motion made by Mr. Massengill and seconded by Mr. Ashcraft the Board went into Closed Session at 3:17 p.m.

Mr. Anderson read the Certificate to come out of Closed Session.

Upon a motion made by Mr. Massengill and seconded by Dr. Casey, the Board came out of Closed Session at 4:52 p.m.

For: 4 Against: 0 Abstain: 0

8. Adjourn

Upon a motion made by Mr. Massengill and seconded by Mr. Ashcraft the meeting was adjourned at 4:54 p.m.

The next Board meeting is scheduled for Thursday, August 18, 2016 at 2:00 p.m. at the Appomattox River Water Authority.

MINUTES APPROVED BY:

Percy Ashcraft
Secretary/Treasurer

CLOSED MEETING RESOLUTION

APPOMATTOX RIVER WATER AUTHORITY

July 21, 2016

I move that we go into a closed meeting for (i) discussion and consideration of the acquisition by the Appomattox River Water Authority (the "Authority") of real property for a public purpose pertaining to various options for side-stream storage reservoirs where discussion in an open meeting would adversely affect the Authority's bargaining position and negotiating strategy as permitted by Section 2.2-3711A.3 of the Virginia Freedom of Information Act ("FOIA"), and (ii) consultation with legal counsel retained by the Authority and briefing by staff members regarding specific legal matters, including the matters set forth in subsection (i), where such consultation and briefing in open meeting would adversely affect the Authority's negotiating posture, as permitted by Section 2.2-3711A.7. of FOIA and (iii) discussion and consideration of the assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of the Authority, as permitted by Section 2.2-3711A.1. of FOIA:

MOTION: Massengill

SECOND: Casey

VOTE

Ashcraft	Aye
Casey	Aye
Massengill	Aye
Mattis	Aye

ABSENT DURING VOTE: Neither the member nor the alternate from Petersburg was in attendance at the meeting.

ABSENT DURING CLOSED MEETING: See above.

SESSION DATE: July 21, 2016

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Board of the Appomattox River Water Authority (the "Authority") convened a closed meeting on July 21, 2016, 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 of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law;

NOW THEREFORE, BE IT RESOLVED that the Board of the Authority hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by the Virginia Freedom of Information Act were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

MOTION: Massengill

SECOND: Casey

VOTE

Ashcraft	Aye
Casey	Aye
Massengill	Aye
Mattis	Aye

ABSENT DURING VOTE: Neither the member nor the alternate from Petersburg was in attendance at the meeting.

ABSENT DURING CLOSED MEETING: See above.

3. Public Comment

The Guidelines for Public Comment are:

GUIDELINES FOR PUBLIC COMMENT AT SCWWA/ARWA BOARD OF DIRECTORS MEETINGS

If you wish to address the SCWWA/ARWA Board of Directors during the time allocated for public comment, please raise your hand or stand when the Chairman asks for public comments.

Members of the public requesting to speak will be recognized during the specific time designated on the meeting agenda for "Public Comment Period." Each person will be allowed to speak for up to three minutes.

When two or more individuals are present from the same group, it is recommended that the group designate a spokesperson to present its comments to the Board and the designated speaker can ask other members of the group to be recognized by raising their hand or standing. Each spokesperson for a group will be allowed to speak for up to five minutes.

During the Public Comment Period, the Board will attempt to hear all members of the public who wish to speak on a subject, but it must be recognized that on rare occasion presentations may have to be limited because of time constraints. If a previous speaker has articulated your position, it is recommended that you not fully repeat the comments and instead advise the Board of your agreement. The time allocated for speakers at public hearings are the same as for regular Board meeting, although the Board can allow exceptions at its discretion.

Speakers should keep in mind that Board of Directors meetings are formal proceedings and all comments are recorded on tape. For that reason, speakers are requested to speak from the podium and wait to be recognized by the Chairman. In order to give all speakers proper respect and courtesy, the Board requests that speakers follow the following guidelines:

- Wait at your seat until recognized by the Chairman;
- Come forward and state your full name and address. If speaking for a group, state your organizational affiliation;
- Address your comments to the Board as a whole;
- State your position clearly and succinctly and give facts and data to support your position;
- Summarize your key points and provide the Board with a written statement or supporting rationale, when possible;
- If you represent a group, you may ask others at the meeting to be recognized by raising their hand or standing;
- Be respectful and civil in all interactions at Board meetings;
- The Board may ask speakers questions or seek clarification, but recognize that Board meetings are not a forum for public debate; Board Members will not recognize comments made from the audience and ask that members of the audience not interrupt the comments of speakers and remain silent while others are speaking so that other members in the audience can hear the speaker;
- The Board will have the opportunity to address public comments after the Public Comment Period has been closed;
- At the request of the Chairman, the Executive Director may address public comments after the session has been closed as well; and
- As appropriate, staff will research questions by the public and respond through a report back to the Board at the next regular meeting of the full Board. It is suggested that citizens who have questions for the Board or staff submit those questions in advance of the meeting to permit the opportunity for some research before the meeting.

4. Executive Director's Report:

- **Reservoir Status Update for July/August 2016**

- **Resolution on ARWA/SCWWA Salary Split on Board Approved IT/Instrument Positions**

Following is a resolution concerning the salary split for the board approved IT/Instrumentation Manager and Technical Advisor

A RESOLUTION OF APPOMATTOX RIVER WATER AUTHORITY ALLOCATING SALARY AND BENEFIT COSTS FOR CERTAIN JOINT EMPLOYEES

Appomattox River Water Authority ("ARWA") currently employs certain key employees, including its Instrumentation/IT Manager and Instrumentation/IT Technical Advisor (collectively the "Joint Employee"), jointly with the South Central Wastewater Authority ("SCWWA").

ARWA and the SCWWA each desire to, and have agreed to, allocate responsibility for the salaries and benefits of the Joint Employees between ARWA and SCWWA.

After careful consideration and to further the public purposes for which the Authority was created, **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE APPOMATTOX RIVER WATER AUTHORITY THAT:**

Subject to adoption by SCWWA of a corresponding resolution, ARWA agrees to pay a portion of the salary and benefits of each Joint Employee below, expressed by the respective percentage set forth below:

- a. Instrumentation/IT Manager: 50%
- b. Instrumentation/IT Technical Advisor: 50%

The Members of the Board of ARWA, the officers of ARWA and such employees of ARWA as any Member or officer may designate are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the foregoing resolutions, and any such action previously taken is hereby ratified and confirmed.

To the extent this Resolution conflicts with other resolutions of ARWA, this Resolution shall control.

This Resolution shall be in effect from and after its adoption.

- **Ted Cole on Financial RFP Proposals Received and Davenport's Recommendations Related on Bond Funding (\$11.8M In-Plant Capital Projects plus Refinance the 2012 Bond)**

Following is a memorandum provided by Davenport and Company concerning their recommendations related to Bond fund the In-Fence Capital Projects and 2012 Bond refinance.

To Appomattox River Water Authority, VA
From Davenport & Company LLC
Date August 18, 2016
Subject 2016A Water Revenue Bond & 2016B Water Revenue Refunding Bond RFP Summary

Background

Davenport & Company LLC (“Davenport”), on behalf of the Appomattox River Water Authority, VA (the “Authority”), distributed a Request for Proposals (“RFP”) to secure a commitment for the purchase of a Water Revenue Bond, Series 2016A (“2016A”) and Water Revenue Refunding Bond, Series 2016B (“2016B”) to finance various Authority projects and to refund the Authority’s 2012 Revenue Bond.

The RFP was distributed to over 50 National, Regional, and Local Banks/Lending Institutions. After the initial distribution, Davenport contacted each of the potential bidders to assess their interest in the financing and address any questions they had.

As part of the RFP process, responding institutions were asked to provide proposals for interest rates for the following options pertaining to the 2016A financing:

- Option 1: 15 Year Final Maturity
- Option 2: 20 Year Final Maturity

In addition to the bank RFP process, Davenport, Authority Staff and Bond Counsel have evaluated a potential VRA financing as well. The next opportunity for the Authority to participate in the VRA process would be as part of the Fall Pool which had an application deadline of August 5th. In order to preserve all financing options, a VRA application was submitted. The next step in the VRA Fall Pool process would be to work with VRA on the due diligence process and request credit approval. If approved, VRA would sell their bonds on or about November 2nd at which point the Authority’s interest rates would be “locked in.” Until November 2nd, interest rates are subject to change. A summary of the current market interest rates and other key discussion points related to the VRA Fall Pool financing are included in this memo.

RFP Responses

Through this process, the Authority was able to secure two responses to the RFP, including:

1. Capital One Public Funding (“Capital One”); and
2. U.S. Bancorp Government Leasing and Finance, Inc. (“US Bank”).

A summary of the bids received, including interest rates, prepayment provisions, acceptance deadlines, and banks/lending institutions fees, is included in this memo.

2016A Water Revenue Bond & 2016B Water Revenue Refunding Bond RFP Summary

August 18, 2016

Discussion Points

1. Credit Approval

Both US Bank and Capital One submitted proposals for the Authority’s 2016A and 2016B Revenue Bonds. However, neither bank/lending institution has fully completed their credit approval process and as such, both proposals were submitted subject to final credit approval. A summary of the credit approval status as stated in each proposal is shown below:

- US Bank: The financing is subject to final review and approval (including collateral and essential use review) by US Bank’s business, legal, credit, and equipment risk management personnel.
- Capital One: The financing has not yet received all necessary internal and committee approvals.

As mentioned previously, an application was submitted to VRA and VRA is currently conducting its due diligence. In order to participate in the VRA Fall Pool, the Authority will need approval from the VRA credit committee.

As a Revenue Bond, the key credit consideration for both the banks/lending institutions and VRA is the Authority’s ability to make payments from the net revenues of the system. Since the Authority is a wholesale provider to five underlying member jurisdictions, the Authority’s ability to generate net revenue is derived from the payments received from the underlying jurisdictions on a timely basis.

2. Interest Rate

While both banks/lending institutions submitted proposals consistent with the RFP specifications, US Bank offered the lowest interest rate, as shown in Table 1 below. The rates offered by US Bank and Capital One are fixed through the final maturity of the loan and will be held firm for a closing by September 23, 2016, subject to final credit approval. Current market interest rates for the VRA Fall Pool transaction are also included in Table 1. These rates are subject to change until VRA prices its bonds on November 2nd.

Table 1: Summary of Interest Rates

Lender	2016A (15 Year)	2016A (20 Year)	2016B	Final Maturity	Rates Held Firm Through
US Bank ¹	2.269%	N/A	2.106%	2016A: 10/1/2031 2016B: 10/1/2027	October 23 rd
Capital One	2.740%	3.240%	2.440%	2016A: 10/1/2031 or 10/1/2036 2016B: 10/1/2027	September 23 rd
VRA ²	2.09%	2.59%	1.58%	2016A: 10/1/2031 or 10/1/2036 2016B: 10/1/2027	TBD

¹Interest is compounded monthly but paid semiannually with annual principal payments.

² VRA Interest Rates represent the True Interest Cost of the borrowing.

August 18, 2016

3. Prepayment Provisions

Prepayment provisions offered by both banks/lending institutions are shown in Table 2 below. Prepayment provisions for the VRA Fall Pool transaction are also included in Table 2.

Table 2: Summary of Prepayment Provisions

Lender	Prepayment Provisions
US Bank	Permitted after 13 months on any payment date at 103%
Capital One	2016A: Option 1: No call until 10/1/23; or Option 2: No call until 10/1/26: Thereafter: At par on any payment date 2016B: No call until 10/1/21; Thereafter: At par on any payment date
VRA	2016A: Callable at any time (subject to VRA's discretion) on or after 11/1/2026 2016B: Callable at any time (subject to VRA's discretion) on or after 11/1/2026

2016A Water Revenue Bond & 2016B Water Revenue Refunding Bond RFP Summary

August 18, 2016

4. Estimated Debt Service

A preliminary indication of the estimated debt service for the 2016A (New Money) Revenue Bond is shown in Table 3. The table includes the following 2016A estimated debt service comparisons:

- 15-year Financing: US Bank, Capital One and VRA
- 20-year Financing: Capital One and VRA

The preliminary estimated debt service shown in Table 3 accounts for estimated costs of issuance and assume that the 2016A Bond is issued in conjunction with the 2016B (Refunding) Revenue Bond.

	A	B	C	D	E	F
Lender	US Bank 15 Year Financing	Capital One 15 Year Financing	VRA Fall Pool ¹ 15 Year Financing	Capital One 20 Year Financing	VRA Fall Pool ¹ 20 Year Financing	
Sources						
Par Amount*	\$ 12,408,000	\$ 12,439,000	\$ 10,335,000	\$ 12,254,000	\$ 10,220,000	
Premium*	-	-	2,159,635	-	2,093,146	
Total	\$ 12,408,000	\$ 12,439,000	\$ 12,494,635	\$ 12,254,000	\$ 12,313,146	
Uses						
Project Fund*	\$ 11,800,000	\$ 11,800,000	\$ 11,800,000	\$ 11,800,000	\$ 11,800,000	
Cost of Issuance / Bank Fees*	97,682	93,661	161,406	93,399	160,600	
Underwriter's Discount*	-	-	51,675	-	51,100	
Debt Service Reserve Fund*	510,000	545,000	480,000	360,000	300,000	
Additional Proceeds*	318	339	1,554	601	1,446	
Total	\$ 12,408,000	\$ 12,439,000	\$ 12,494,635	\$ 12,254,000	\$ 12,313,146	
Interest Rate / TIC*	2.27%	2.74%	2.09%	3.24%	2.59%	
All-In TIC*	2.37%	2.84%	2.26%	3.32%	2.73%	
Debt Service*						
Fiscal Year						
2017	\$ 147,807	\$ 178,935	\$ 226,336	\$ 208,441	\$ 219,645	
2018	975,573	1,011,513	958,053	832,853	782,181	
2019	975,463	1,011,620	959,469	832,273	781,809	
2020	975,979	1,011,207	958,203	832,223	779,769	
2021	976,109	1,011,260	960,528	832,671	781,831	
2022	975,853	1,010,765	956,444	832,601	782,869	
2023	976,201	1,011,694	955,950	832,012	782,881	
2024	976,139	1,011,035	958,791	832,872	781,869	
2025	975,670	1,010,786	959,838	832,166	779,831	
2026	975,780	1,010,921	959,091	832,876	781,641	
2027	976,448	1,011,411	956,550	831,987	782,169	
2028	975,674	1,011,245	960,688	832,482	778,869	
2029	976,446	1,011,407	956,553	832,329	781,716	
2030	975,753	1,010,883	960,925	832,512	783,506	
2031	975,594	1,011,648	957,553	832,015	778,594	
2032	975,948	1,011,673	956,159	832,805	781,700	
2033	-	-	-	832,849	778,547	
2034	-	-	-	832,149	779,134	
2035	-	-	-	832,670	783,306	
2036	-	-	-	832,382	781,013	
2037	-	-	-	832,268	782,253	
Total	14,786,438	15,348,003	14,601,130	\$ 16,857,436	\$ 15,845,132	
Difference to Column B	n/a	\$ 561,564	(185,308)	n/a	\$ (1,012,303)	
Breakeven VRA Rate Movement to Column B (15 Year)	n/a	n/a	+22 bps	n/a	n/a	
Breakeven VRA Rate Movement to Column E (20 Year)	n/a	n/a	n/a	n/a	+84 bps	

* Preliminary and subject to change. Debt service shown does not include interest earned on or amounts held in the Debt Service Reserve Fund.

¹ Interest Rates will not be locked in until November 2nd. TIC shown includes VRA's 0.125% Admin Fee.

2016A Water Revenue Bond & 2016B Water Revenue Refunding Bond RFP Summary

August 18, 2016

5. Estimated Debt Service Savings

A preliminary indication of the estimated savings structure for the US Bank and Capital One proposals is shown in Table 4. These savings are compared to current estimates for a VRA Fall financing to provide additional perspective. The preliminary estimated savings shown in Table 4 are “Net Savings” that account for estimated costs of issuance and assume that the 2016B Bond is issued in conjunction with the 2016A (New Money) Revenue Bond.

Table 4: Estimated Debt Service Savings

A	B	C	D	E	F	G	H
	Existing 2012 Revenue Bond	US Bank Bid		Capital One Bid		VRA Fall Pool	
1 Final Maturity	10/1/2027	10/1/2027		10/1/2027		11/1/2027	
2 Interest Rate	3.10%	2.106%		2.44%		1.58%	
3 Rate Expiration	n/a	October 23rd		September 23rd		n/a	
4 Cost of Issuance / Bank Fees	n/a	\$22,318		\$21,339		\$37,169	
5 Underwriter's Discount	n/a	n/a		n/a		\$11,900	
6 Par Amount	\$3,026,000	\$2,835,000		\$2,834,000		\$2,380,000	
7							
8 Fiscal Year	Debt Service	Debt Service ^{1,3}	Savings ^{1,3}	Debt Service ^{1,3}	Savings ^{1,3}	Debt Service ²	Savings ²
9 2017 ³	\$ 43,633	\$ 31,345	\$ 12,287	\$ 36,304	\$ 7,329	\$ 54,278	\$ (10,646)
10 2018	301,886	288,273	13,613	293,380	8,506	279,697	22,189
11 2019	302,020	288,355	13,664	293,768	8,251	281,484	20,535
12 2020	301,936	288,332	13,604	294,010	7,926	282,259	19,677
13 2021	301,636	288,204	13,431	293,117	8,518	277,650	23,985
14 2022	302,103	288,960	13,142	294,078	8,024	282,528	19,574
15 2023	302,322	289,590	12,732	293,881	8,441	281,766	20,556
16 2024	302,293	289,104	13,189	293,537	8,756	280,491	21,802
17 2025	302,016	288,512	13,503	294,034	7,982	278,703	23,312
18 2026	302,475	289,795	12,680	294,361	8,114	281,275	21,200
19 2027	301,671	288,951	12,721	293,529	8,142	278,206	23,465
20 2028	301,604	288,001	13,602	293,538	8,066	280,772	20,832
21 Total	\$ 3,365,591	\$ 3,207,422	\$ 158,169	\$ 3,267,536	\$ 98,055	\$ 3,139,109	\$ 226,482
22 Net Present Value Savings ^{1,2,3}	N/A	N/A	\$ 139,226	N/A	\$ 84,001	N/A	\$ 210,417
23 % NPV Savings ^{1,2,3}	N/A	N/A	4.60%	N/A	2.78%	N/A	7.47%
24							
25 Breakeven VRA Rate Movement to Column D	N/A	N/A	N/A	N/A	N/A	N/A	+ 39bps

Note: US Bank, Capital One, and VRA Financing Options are all subject to final credit approval by the respective lenders.

¹ Preliminary and subject to change. Assumes a closing date of September 22nd. Savings shown include assumed Cost of Issuance of \$115,000 plus Bank Fees.

² Preliminary and subject to change. Assumes a closing date of November 16th. Savings shown include assumed Cost of Issuance of \$37,169 and Underwriter's Discount of \$11,900.

³ Assumes the County makes an equity contribution of \$257,903 from the Debt Service Fund Principal and Interest Accounts.

2016A Water Revenue Bond & 2016B Water Revenue Refunding Bond RFP Summary

August 18, 2016

Alternatively, the Authority could pursue a standalone refunding done separately or at a different time than the 2016A (New Money) financing. Under this scenario, all costs of issuance are included as part of the refunding, which reduces the potential estimated savings, as shown in Table 5 below.

Table 5: Estimated Debt Service Savings

A	B	C	D	E	F	G	H
	Existing 2012 Revenue Bond	US Bank Bid		Capital One Bid		VRA Fall Pool	
1 Final Maturity	10/1/2027	10/1/2027		10/1/2027		11/1/2027	
2 Interest Rate	3.10%	2.106%		2.44%		1.58%	
3 Rate Expiration	n/a	October 23rd		September 23rd		n/a	
4 Cost of Issuance / Bank Fees	n/a	\$105,000		\$100,000		\$137,325	
5 Underwriter's Discount	n/a	n/a		n/a		\$12,325	
6 Par Amount	\$3,026,000	\$2,198,000		\$2,913,000		\$2,465,000	
7							
8 Fiscal Year	Debt Service	Debt Service ^{1,3}	Savings ^{1,3}	Debt Service ^{1,3}	Savings ^{1,3}	Debt Service ²	Savings ²
9 2017 ³	\$ 43,633	\$ 32,263	\$ 11,370	\$ 37,316	\$ 6,317	\$ 56,206	\$ (12,573)
10 2018	301,886	296,947	4,939	302,222	(336)	288,775	13,111
11 2019	302,020	296,882	5,137	301,452	568	290,306	11,713
12 2020	301,936	296,712	5,224	301,547	389	290,825	11,111
13 2021	301,636	296,436	5,199	301,496	140	290,831	10,804
14 2022	302,103	297,045	5,058	302,286	(184)	290,325	11,777
15 2023	302,322	297,527	4,794	301,918	404	289,306	13,015
16 2024	302,293	297,883	4,409	302,391	(98)	292,647	9,646
17 2025	302,016	297,123	4,892	301,705	311	290,347	11,669
18 2026	302,475	298,237	4,238	302,849	(374)	292,406	10,069
19 2027	301,671	297,224	4,447	301,821	(150)	288,825	12,846
20 2028	301,604	297,096	4,508	301,636	(32)	290,953	10,650
21 Total	\$ 3,365,591	\$ 3,301,375	\$ 64,216	\$ 3,358,637	\$ 6,954	\$ 3,251,753	\$ 113,838
22 Net Present Value Savings ^{1,2,3}	N/A	N/A	\$ 57,622	N/A	\$ 6,549	N/A	\$ 110,949
23 % NPV Savings ^{1,2,3}	N/A	N/A	1.90%	N/A	0.22%	N/A	3.94%
24							
25 Breakeven VRA Rate Movement to Column D	N/A	N/A	N/A	N/A	N/A	N/A	+ 29bps

Note: US Bank, Capital One, and VRA Financing Options are all subject to final credit approval by the respective lenders.

Note: If combined with the new money financing, the estimated savings on the refunding would be \$226,482. Interest rates on a combined new money and refunding VRA transaction could rise by 62 basis points and produce the same level of savings as shown in column H of the VRA summary.

¹ Preliminary and subject to change. Assumes a closing date of September 22nd. Savings shown include assumed Cost of Issuance of \$100,000 plus Bank Fees.

² Preliminary and subject to change. Assumes a closing date of November 16th. Savings shown include assumed Cost of Issuance of \$137,325 and Underwriter's Discount of \$12,325.

³ Assumes the County makes an equity contribution of \$257,903 from the Debt Service Fund Principal and Interest Accounts.

Recommendation

Based upon our review of the proposals, related analyses, and discussions with Authority Staff and Bond Counsel, Davenport recommends that the Authority defer the financing process for both the 2016A (New Money) and 2016B (Refunding) projects due to the uncertainty surrounding timely payments.

**2016A Water Revenue Bond & 2016B Water Revenue
Refunding Bond RFP Summary**

August 18, 2016

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The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

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- **Status Report: Ongoing Projects/Financials**

Following are memoranda concerning the Ongoing Projects and Financials of the ARWA.

MEMORANDUM

TO: APPOMATTOX RIVER WATER AUTHORITY BOARD OF DIRECTORS

**FROM: ROBERT C. WICHSER, EXECUTIVE DIRECTOR
JAMES C. GORDON, ASSISTANT EXECUTIVE DIRECTOR**

SUBJECT: STATUS REPORT – ON-GOING PROJECTS

DATE: August 18, 2016

The following projects are underway. This report includes sections on Capital projects and large replacement projects.

Warehouse Building

- Awaiting fiber connections to complete network connected in the office.

Lime Silo Improvements

- Contractor is requested to start demolition work on August 22, 2016, contingent upon equipment delivery in early September.
- ARWA Staff will have the room and equipment by the August 15, 2016.
- Sedimentation basin improvements have been approved by ARWA and a change order has been executed for this work.
- Sedimentation basin and clearwell work will be scheduled following the lime equipment improvements.

MEMORANDUM

TO: APPOMATTOX RIVER WATER AUTHORITY BOARD OF DIRECTORS

FROM: ROBERT C. WICHSER, EXECUTIVE DIRECTOR
JAMES C. GORDON, ASST. EXECUTIVE DIRECTOR

SUBJECT: STATUS REPORT

DATE: August 18, 2016

Financial Report:

- The Budget Performance Statement for the period ending July 31, 2016 is attached for your review.

Funds:

- The ARWA Operating Checking account balance was \$635,166.10 as of July 29, 2016.
- The ARWA Replacement Fund account balance was \$0.60 as of July 29, 2016.
- The ARWA Trust Revenue account balance was \$5,512,924.98 as of July 31, 2016.
- The ARWA Trust Reserve account balance was \$1,210,067.80 as of July 31, 2016.
- The ARWA Trust Replacement account balance was \$308,865.29 as of July 31, 2016.

Status Report

General:

- The next Board of Directors Meeting is scheduled for 2:00 PM on **Thursday September 15, 2016** at the Appomattox River Water Authority.
- The Chesdin Reservoir spot treated for algae the week of August 1st. The treatment and recent rains have reduced the algae numbers.
- ARWA accountants have been in and the Auditors will be here this week.

Operations:

- Finished water met all permit requirements for the month of July. Copies of the VDH monitoring reports are available if anyone would like to see them.
- In July 2016 the Authority produced over 1 billion gallons.
- Staff has finished washing the settling basins to improve water quality.
- Staff will clean the lime feed room in preparation for the Lime System upgrade project. Work is scheduled to begin on the 15th.

Maintenance:

- Staff are switching hours to 7-3 Mon-Fri.
- The Inventory Clerk office in the new warehouse is near completion and staff will soon be moving in.
- Maintenance and Instrumentation are working to resolve several actuator, valve, feeder, and pump issues.

Instrumentation/IT

- Staff is learning the ARWA system and assisting personnel with Instrumentation IT.
- Staff are working with Maintenance to resolve issue as stated above.

Laboratory:

- Staff is sampling the LT2 required samples this week.
- One of the ecds for the GC (THM and HAA analysis) is being sent out for cleaning and/or repair if needed.
- Geosmin and MIB samples were sent out. These are odor causing compounds.

Appomattox River Water Authority
Year to Date Budget Performance
July 2016

	Jul 16	Budget	% of Budget	Jul 16	YTD Budget	% of Budget	Annual Budget
Ordinary Income/Expense							
Income							
31601 - Water Sales	0.00	0.00	0.0%	0.00	0.00	0.0%	10,178,753.53
31602 - Rent Income	16,000.00	6,666.66	240.0%	16,000.00	6,666.66	240.0%	80,000.00
31800 - Miscellaneous Revenue							
31802 - Restitution Received	0.00			0.00			
Total 31800 - Miscellaneous Revenue	0.00			0.00			
Revenue from FY15/16 for Lime Improvements				457,415.00			
Total Income	16,000.00	6,666.66	240.0%	473,415.00	6,666.66	7,101.23%	10,258,753.53
Gross Profit	16,000.00	6,666.66	240.0%	473,415.00	6,666.66	7,101.23%	10,258,753.53
Expense							
41000 - Personal Services							
41100 - Salary and Wages	146,852.40	134,166.66	109.46%	146,852.40	134,166.66	109.46%	1,610,000.00
41000 - Personal Services - Other	0.00			0.00			0.00
Total 41000 - Personal Services	146,852.40	134,166.66	109.46%	146,852.40	134,166.66	109.46%	1,610,000.00
42000 - Employee Benefits							
42100 - Employer FICA	10,874.87	10,250.00	106.1%	10,874.87	10,250.00	106.1%	123,000.00
42200 - Virginia Retirement System	7,139.85	8,000.00	89.25%	7,139.85	8,000.00	89.25%	96,000.00
42210 - Deferred Compensation 457(b)	758.39	416.66	182.02%	758.39	416.66	182.02%	5,000.00
42300 - Hospitalization Insurance	30,520.00	30,833.34	98.98%	30,520.00	30,833.34	98.98%	370,000.00
42400 - VRS Group Life Insurance	1,633.34	1,775.00	92.02%	1,633.34	1,775.00	92.02%	21,300.00
42500 - Group Term Life	0.00	125.00	0.0%	0.00	125.00	0.0%	1,500.00
42600 - Unemployment Insurance	0.00	125.00	0.0%	0.00	125.00	0.0%	1,500.00
42700 - Workers' Compensation Insurance	0.00	425.00	0.0%	0.00	425.00	0.0%	5,100.00
42900 - Other Fringe Benefits	1,928.98			1,928.98			
42000 - Employee Benefits - Other	0.00			0.00			0.00
Total 42000 - Employee Benefits	52,855.43	51,950.00	101.74%	52,855.43	51,950.00	101.74%	623,400.00
43000 - Contractual Services							
43121 - Auditing Services	0.00	833.34	0.0%	0.00	833.34	0.0%	10,000.00
43122 - Accounting Services	1,373.18	1,000.00	137.32%	1,373.18	1,000.00	137.32%	12,000.00
43140 - Consulting Engineers	0.00	6,250.00	0.0%	0.00	6,250.00	0.0%	75,000.00
43150 - Legal Services	11,240.82	6,250.00	179.85%	11,240.82	6,250.00	179.85%	75,000.00
43152 - Medical	50.00			50.00			
43160 - Trustee Services	0.00	833.34	0.0%	0.00	833.34	0.0%	10,000.00
43162 - Bank Service Charges	146.14	125.00	116.91%	146.14	125.00	116.91%	1,500.00
43170 - Research	0.00	1,250.00	0.0%	0.00	1,250.00	0.0%	15,000.00
43180 - Potable Water Contract	27,695.00	41,666.66	66.47%	27,695.00	41,666.66	66.47%	500,000.00
43190 - Samples and Testing	2,792.00	2,083.34	134.02%	2,792.00	2,083.34	134.02%	25,000.00
43200 - Lake Patrol	0.00	333.34	0.0%	0.00	333.34	0.0%	4,000.00
43210 - Software Support	1,162.00	1,666.66	69.72%	1,162.00	1,666.66	69.72%	20,000.00
43320 - Maintenance Service Contracts	2,300.15	2,083.34	110.41%	2,300.15	2,083.34	110.41%	25,000.00
43500 - Printing and Binding	0.00	125.00	0.0%	0.00	125.00	0.0%	1,500.00
43600 - Grounds Maintenance	3,200.00	2,666.66	120.0%	3,200.00	2,666.66	120.0%	32,000.00
43000 - Contractual Services - Other	0.00			0.00			0.00
Total 43000 - Contractual Services	49,959.29	67,166.68	74.38%	49,959.29	67,166.68	74.38%	806,000.00

Appomattox River Water Authority
Year to Date Budget Performance
July 2016

	Jul 16	Budget	% of Budget	Jul 16	YTD Budget	% of Budget	Annual Budget
45000 · Other Charges							
45110 · Electricity - Pumping	39,615.33	37,500.00	105.64%	39,615.33	37,500.00	105.64%	450,000.00
45111 · Electricity - Purification	26,067.03	22,500.00	115.85%	26,067.03	22,500.00	115.85%	270,000.00
45120 · Heating Fuel	2,652.09	6,250.00	42.43%	2,652.09	6,250.00	42.43%	75,000.00
45130 · Trash Pickup	0.00	666.66	0.0%	0.00	666.66	0.0%	8,000.00
45210 · Postal Services	0.00	166.66	0.0%	0.00	166.66	0.0%	2,000.00
45220 · Freight	438.09			438.09			
45230 · Telecommunications	2,757.72	2,291.66	120.34%	2,757.72	2,291.66	120.34%	27,500.00
45304 · Property Insurance	0.00			0.00			0.00
45308 · General Liability Insurance	85,721.00	7,500.00	1,142.95%	85,721.00	7,500.00	1,142.95%	90,000.00
45410 · Lease/Rent of Equipment	978.15	625.00	156.5%	978.15	625.00	156.5%	7,500.00
45530 · Meals and Lodging	363.80	416.66	87.31%	363.80	416.66	87.31%	5,000.00
45540 · Education and Training	426.00	1,366.66	31.17%	426.00	1,366.66	31.17%	16,400.00
45550 · Safety Supplies	0.00	1,333.34	0.0%	0.00	1,333.34	0.0%	16,000.00
45000 · Other Charges - Other	0.00			0.00			0.00
Total 45000 · Other Charges	159,019.21	80,616.64	197.25%	159,019.21	80,616.64	197.25%	967,400.00
46000 · Materials and Supplies							
46001 · Office Supplies	781.46	1,000.00	78.15%	781.46	1,000.00	78.15%	12,000.00
46004 · Laboratory Supplies	9,565.36	6,000.00	159.42%	9,565.36	6,000.00	159.42%	72,000.00
46005 · Process Chemicals	201,016.36	183,333.34	109.65%	201,016.36	183,333.34	109.65%	2,200,000.00
46006 · Purification Supplies	587.39	875.00	67.13%	587.39	875.00	67.13%	10,500.00
46007 · Repair and Maintenance Supplies	10,602.85	8,333.34	127.23%	10,602.85	8,333.34	127.23%	100,000.00
46008 · Vehicle and Equipment Fuels	127.95	2,916.66	4.39%	127.95	2,916.66	4.39%	35,000.00
46009 · Vehicle and Equipment Supplies	3,279.30			3,279.30			0.00
46010 · Equipment Parts	2,376.08	6,250.00	38.02%	2,376.08	6,250.00	38.02%	75,000.00
46011 · Uniforms	270.49	500.00	54.1%	270.49	500.00	54.1%	6,000.00
46012 · Dues and Subscriptions	259.39	2,083.34	12.45%	259.39	2,083.34	12.45%	25,000.00
46015 · Small Equipment Purchases	0.00	833.34	0.0%	0.00	833.34	0.0%	10,000.00
46016 · Purification Building Maint	0.00	833.34	0.0%	0.00	833.34	0.0%	10,000.00
46000 · Materials and Supplies - Other	0.00			0.00			0.00
Total 46000 · Materials and Supplies	228,866.63	212,958.36	107.47%	228,866.63	212,958.36	107.47%	2,555,500.00
Total Expense	637,552.96	546,858.34	116.59%	637,552.96	546,858.34	116.59%	6,562,300.00
Net Ordinary Income	-621,552.96	-540,191.68	115.06%	-164,137.96	-540,191.68	30.39%	3,696,453.53
Other Income/Expense							
Other Income							
31501 · Interest Income							
3150101 · Water Revenue Acct 20727	399.31			399.31			
3150103 · Replacement Acct 20730	48.38			48.38			
3150104 · Reserve Acct 20732	165.03			165.03			
3150109 · 2007 Bond Principal Acct 19098	31.76	0.00	100.0%	31.76	0.00	100.0%	0.00
3150110 · 2007 Bond Interest Acct 19097	0.15			0.15			
3150111 · Debt Service Reserve Acct 20731	211.05			211.05			
3150112 · Series 2010 Ref Bond - 47000	0.39			0.39			
3150113 · Series 2010 Loc Prin 47001	24.24			24.24			
3150117 · 2012 Bond Interest 84000	0.28			0.28			
3150118 · 2012 Bond Principal 84001	14.40			14.40			
Total 31501 · Interest Income	894.99	0.00	100.0%	894.99	0.00	100.0%	0.00
Total Other Income	894.99	0.00	100.0%	894.99	0.00	100.0%	0.00

Appomattox River Water Authority
Year to Date Budget Performance
July 2016

	<u>Jul 16</u>	<u>Budget</u>	<u>% of Budget</u>	<u>Jul 16</u>	<u>YTD Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
Other Expense							
50000 - Capital Outlay							
58010 - Machinery & Motors	0.00	23,750.00	0.0%	0.00	23,750.00	0.0%	285,000.00
58020 - Instrumentation	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00
58030 - SCADA	0.00	8,334.00	0.0%	0.00	8,334.00	0.0%	100,000.00
58040 - Computer Equipment	0.00	1,666.00	0.0%	0.00	1,666.00	0.0%	20,000.00
58060 - Motor Vehicles	3,063.00	2,083.00	147.05%	3,063.00	2,083.00	147.05%	25,000.00
58090 - Construction-Replacement							
58090-1 - Flocculation Basins	0.00	4,166.00	0.0%	0.00	4,166.00	0.0%	50,000.00
58090-3 - Valve Replacement	0.00	8,333.34	0.0%	0.00	8,333.34	0.0%	100,000.00
58090-4 - Warehouse Racks and Shelving	0.00	4,166.66	0.0%	0.00	4,166.66	0.0%	50,000.00
58090-5 - Concrete	0.00	4,166.66	0.0%	0.00	4,166.66	0.0%	50,000.00
58090-6 - Pre-Chem Boiler	0.00	3,333.34	0.0%	0.00	3,333.34	0.0%	40,000.00
58090-7 - Off-Site Reservoir	1,866.60	25,000.00	7.47%	1,866.60	25,000.00	7.47%	300,000.00
58090-8 - Reservoir Storage	0.00	16,666.66	0.0%	0.00	16,666.66	0.0%	200,000.00
58090 - Construction-Replacement - Other	325.00	0.00	100.0%	325.00	0.00	100.0%	0.00
Total 58090 - Construction-Replacement	2,191.60	65,832.66	3.33%	2,191.60	65,832.66	3.33%	790,000.00
50000 - Capital Outlay - Other	0.00			0.00			0.00
Total 50000 - Capital Outlay	5,254.60	101,665.66	5.17%	5,254.60	101,665.66	5.17%	1,220,000.00
60000 - Debt Service*							
69210 - Principal - 2007 Bonds	0.00	474,071.00	0.0%	0.00	474,071.00	0.0%	474,071.00
69240 - Principal - 2012 Bonds	0.00	301,536.00	0.0%	0.00	301,536.00	0.0%	301,536.00
69310 - Principal - 2010 Bonds	0.00	757,058.00	0.0%	0.00	757,058.00	0.0%	757,058.00
69410 - Principal - 2016 Bonds	0.00	504,575.00	0.0%	0.00	504,575.00	0.0%	504,575.00
60000 - Debt Service* - Other	0.00			0.00			0.00
Total 60000 - Debt Service*	0.00	2,037,240.00	0.0%	0.00	2,037,240.00	0.0%	2,037,240.00
Total Other Expense	5,254.60	2,138,905.66	0.25%	5,254.60	2,138,905.66	0.25%	3,257,240.00
Net Other Income	-4,359.61	-2,138,905.66	0.2%	-4,359.61	-2,138,905.66	0.2%	-3,257,240.00
Net Income	-625,912.57	-2,679,097.34	23.36%	-168,497.57	-2,679,097.34	6.29%	439,213.53

5. Items from Counsel

6. Closed Session

7. Other Items from Board Members/Staff Not on Agenda

8. Adjourn