A regular meeting of the Rivanna Water & Sewer Authority (RWSA) Board of Directors was held on Tuesday, August 23, 2016 at 2:15 p.m. in the 2nd floor conference room, Administration Building, 695 Moores Creek Lane, Charlottesville, Virginia.

**Board Members Present:** Mr. Tom Foley, Mr. Mike Gaffney – Chair, presiding, Ms. Kathy Galvin, Mr. Maurice Jones, Ms. Judith Mueller, Mr. Gary O’Connell and Dr. Liz Palmer.

**Board Members Absent:** None.

**Staff Present:** Mr. Tim Castillo, Ms. Victoria Fort, Ms. Teri Kent, Mr. Doug March, Mr. Scott Schiller, Ms. Michelle Simpson, Ms. Andrea Terry, Ms. Jennifer Whitaker and Mr. Lonnie Wood.

**Also Present:** Members of the public and media representatives.

### 1.0 Call to Order

The regular meeting of the RWSA Board of Directors was called to order by Mr. Gaffney on Tuesday, August 23, 2016 at 2:49 p.m., and he noted that a quorum was present.

### 2.0 Minutes of Previous Board Meeting

#### a) Minutes of the Regular Meeting of the Board on July 22, 2016

Mr. Gaffney asked if there were any changes or comments to the minutes. There were none provided.

**Mr. Foley moved to approve the minutes as presented. Mr. O’Connell seconded the motion, which passed by a vote of 6-0-1, with Mr. Jones abstaining from the vote because he was not in attendance at the July 22, 2016 meeting.**

### 3.0 Recognition

#### a) Staff members who achieved professional licensure
Mr. Lonnie Wood stated that several employees had attained certifications within their fields—water, wastewater, or maintenance—several of which were voluntary. He noted that this involved an investment of time in testing and some are voluntary. The Authority feels that it is important to recognize our employees for their efforts. These recognitions would be posted at work locations.

Mr. Gaffney suggested having Mr. Wood recognize them at the annual employee gathering.

4.0 Executive Director’s Report
There was no report this month.

5.0 Items from the Public
There were no items presented from the public.

6.0 Responses to Public Comments – No Responses This Month
There were no responses to public comments this month.

7.0 Consent Agenda
a) Staff Report on Finance
b) Staff Report on Operations
c) Staff Report on Ongoing Projects
d) Work Authorization – Construction Inspection for Route 29 Widening Pipe Installation
e) Work Authorization #2 – DiNatale Water Consultants
f) Imagine a Day without Water – Resolution

Dr. Palmer moved to approve the Consent Agenda as presented. Mr. O’Connell seconded the motion, which passed by a 7-0 vote.

8.0 Other Business
a) Status Report on Hydropower Evaluation

Mr. Wood stated that staff would give a brief update on the hydro plant assessment today, with a more detailed update to be provided at the October meeting.

Mr. Schiller reported that authorization for a feasibility study was granted to Gomez & Sullivan in September 2015 to assess what would be needed to reactivate the facility in terms of cost and return on investment through electrical generation. He said that as part of an economic analysis they looked at nine economic variables, including discount rates, O&M rates and energy escalation rates—and out of nine scenarios, only four had a positive return on investment; and three of those four had the highest energy escalations. Mr. Schiller said that staff asked Gomez & Sullivan if, based upon these less than ideal results, there were other options or things that could be done with the facility. He stated that those included surrendering the FERC exception for license and decommission the facility or to work with a third party to rehabilitate, operate and maintain it. Mr. Schiller said that one disadvantage to allowing a third party to operate the facility is that they
would have control over release of water from the reservoir; secondly, the amount of water required to spin the turbine and generate electricity—45 million gallons/day (MGD)—would impact the amount of water spilling over the top of the dam. For reference, when the reservoir level is cresting the dam elevation by approximately 1-inch, the rate of flow over the dam is approximately 100 MGD. Additionally, he said, the intake for the hydropower plant is at the base of the reservoir where the water is colder, and this water would be released downstream instead of flowing over the top of the dam and would be warmer and more oxygenated, which would be an environmental concern. He said that staff is now reviewing these options and the legal and regulatory issues so that they can present at the October meeting the pros and cons of choosing one option or another.

Ms. Palmer asked about energy escalation involving the three options that had a positive return on investment.

Mr. Schiller said they looked at rates of 3-5% of escalation in the cost of energy and applied this into the economic model over a 30-year period. He said that under an assumed 5% increase in energy escalation, those were three of the scenarios that returned positive.

Mr. Gaffney asked if the escalation costs would occur annually.

Mr. Schiller replied in the affirmative that the costs would increase annually, and he noted that staff ran scenarios of 3, 4 and 5% energy escalation—with some offset in the energy generated internally.

Ms. Palmer asked for the percentage of time that the flow of water is above 45 MGD with the dam spills.

Mr. Schiller responded that he did not know the answer to Ms. Palmer’s question offhand, although it is in the report, and if they turn on the hydropower, there is no water spilling.

Mr. Wood stated that the challenge is when spilling at the dam stops, there are issues with the regulatory requirements.

Mr. Gaffney said that a question he would like Gomez & Sullivan to address for the October meeting is how long Rivanna can let the plant sit and still activate it, in case Dominion raises at a 5% rate and Rivanna decides to activate it.

Mr. Schiller said there is a component of “mothballing,” and Rivanna would be evaluating the possibility of not completely decommissioning the facility in case it becomes economically feasible in the future.

Mr. Wood stated that there is a legal concern that somebody could take over the facility to produce electricity without consent, and although staff does not think this is possible which they are looking into it.
Ms. Whitaker clarified that to encourage hydropower, federal law allows another operator to come
in and take over a license that is surrendered, even against the wishes of the owner/operator, if the
facility is on federal land. She stated that the Federal Energy Regulatory Commission (FERC) has
jurisdiction, and staff is working to clarify whether this would apply to local or state lands. She
added that they are working on several different legal aspects of this and are unclear on the
provisions pertaining to municipal property.

Mr. Wood stated that if the original structures were constructed with federal funds, that may also
have implications.

Mr. O’Connell asked if the study looked at what was there before and how it operated and the
amount of energy it generated versus a new facility.

Staff responded that it did not.

b) Bonds – Rate Reset Approval, Series 2010A Bond, Series 2011A&B Bonds and Series
2011D&E Bonds.

Mr. Wood stated that this issue was brought up at the last meeting to give the Board notice that the
RWSA was working on refinancing several bonds. He reported that an opportunity has come up
with VEQ/VRA in which Rivanna can refinance several bonds, and there are five bonds noted in
a memo to the Board. He stated that the interest rate will be reduced from 2.93% to 2.05%, which
would save $120,000 in wastewater charges annually beginning next year; over the remaining life
of the bonds, the total savings would be roughly $1.61 million in interest costs. He noted that
Board approval can be attained with one motion to approve all of the resolutions in the Board
packet and a roll call vote for all five bond issues.

Ms. Mueller moved to approve the bond interest rate reset and the resolutions authorizing
the reset. Mr. Foley seconded the motion. Mr. Wood called for a roll call vote: Ms. Mueller – aye;
Mr. Jones – aye; Ms. Galvin – aye; Mr. Gaffney – aye; Dr. Palmer – aye; Mr. Foley –
aye; and Mr. O’Connell – aye. The motion passed by a 7-0 vote.

c) Bonds – Resolution of Official Intent (Reimbursement Resolution)

Mr. Wood explained the purpose of the resolution is to preserve the Authority’s right to pay itself
back after a bond is issued, and serves as a statement of intent that the RSWA would issue debt to
pay itself back as appropriately allowed by IRS law. He said that it does not authorize staff to move
forward on a bond issue and is fairly routine for past CIP approvals. The main reason we wanted
to do this is for the recently started Odor Control project.

Ms. Mueller moved to approve the Reimbursement Resolution. Mr. O’Connell seconded the
motion. Mr. Wood called for a roll call vote: Ms. Mueller – aye; Mr. Jones – aye; Ms. Galvin
– aye; Mr. Gaffney – aye; Dr. Palmer – aye; Mr. Foley – aye; and Mr. O’Connell – aye. The
motion passed by a 7-0 vote.

9.0 Other Items from Board/Staff not on Agenda
There were none presented.

10.0  **Closed Meeting**
There was no closed meeting held.

11.0  **Adjournment**
Mr. Jones moved to adjourn the RWSA Board meeting. Mr. Foley seconded the motion, which was approved by a vote of 7-0.

There being no further business, the meeting adjourned at 3:04 p.m.