

**JAMES RIVER WATER AUTHORITY
BOARD OF DIRECTORS
LOUISA COUNTY OFFICE BUILDING
FEBRUARY 4, 2010
2:00 P. M.**

Present: Goodman B. Duke, G. Cabell Lawton, IV, Dale G. Mullen, Thomas E. Payne and John E. Thomasson*

Absent: John Y. Gooch, Fred Pribble, Draper Aden

Mr. John E. Thomasson left at 2:58 p.m.

Others Present: Kurt Krueger, McGuireWoods LLP, Legal Counsel; Joe Hines, Timmons Group; Jim Christian, Timmons Group; Greg Hoffman, Louisa County Attorney; and Kimberly Smith, Records Clerk, Louisa County Administration

CALL TO ORDER

Chairman Payne called the February 4, 2010 regular meeting of the James River Water Authority Board of Directors to order at 2:02 p.m., which was followed by the Pledge of Allegiance.

READING AND APPROVAL OF MINUTES OF PRECEDING MEETINGS

Chairman Payne asked Mr. Lawton if the Fluvanna Taxpayer's Association provided copies of their questions. Mr. Lawton said that the Fluvanna Taxpayer's Association did provide copies of their questions and they will be distributed at the end of the meeting.

Mr. Mullen made a clarification in the minutes that stated that the Louisa Board of Supervisors approved funding in the amount of \$150,000.00. Mr. Mullen said the Louisa Board of Supervisors had not approved funding to the James River Water Authority in the amount of \$150,000.00. Mr. Mullen stated that the minutes were not incorrect; however, the information that was relayed was incorrect.

On the motion of Mr. Duke, seconded by Mr. Lawton, which carried by a vote of 5-0, with Mr. Gooch absent, the Board approved the minutes of the January 7, 2010, meeting as presented.

APPROVAL OF THE BILLS

Mr. Lawton said fifty percent of the Timmons and McGuire Woods bills were paid in anticipation of receiving the \$150,000.00 funding from Louisa. Mr. Lawton said that after the Timmons and McGuire Woods bills are paid, there would be a remaining balance of \$40,000.00. Mr. Lawton said that currently there were not enough funds to pay the total bills.

Chairman Payne stated that this was Mr. Lawton's last meeting. Chairman Payne said that Mr. Joe Chesser would be taking Mr. Lawton's place on the Board.

Upon the departure of Mr. Lawton, Chairman Payne moved to open the floor for nomination of a new Treasurer. Mr. Lawton suggested the nomination of Mr. Joe Chesser.

On a motion by Mr. Lawton seconded by Mr. Duke, which carried by a vote of 5-0, with Mr. Gooch absent. The Board voted to approve the nomination of Mr. Joe Chesser as Treasurer pending his acceptance.

ITEMS FROM THE PUBLIC

None.

CONSENT AGENDA ITEMS

None.

OTHER BUSINESS

Mr. Mullen informed the Board of the need to discuss pending notice of appeal filed in Mr. Doug Johnson's case. Mr. Mullen suggested that the Board discuss how to move forward in defense of Mr. Johnson's case.

Mr. Lawton told the Board that the SCC ruled in the Board's favor to dismiss Mr. Johnson's appeal. Mr. Lawton said that he has two days to appeal to the Supreme Court.

Mr. Krueger stated that Mr. Johnson is requesting that the Supreme Court join his Fluvanna appeal with the SCC appeal. Mr. Krueger suggested that the Board consider sanctions meaning to ask the court to award the Authority the costs of pleading this case.

Mr. Mullen suggested that the Board discuss how to staff the case that Mr. Johnson is bringing against the Authority in closed session.

Mr. Krueger briefly discussed options the Board had in order to staff the Johnson case.

Mr. Mullen expounded on the status of the Authority. Mr. Mullen talked about misconceptions about the Board and Louisa's County's role in the joint agreement with Fluvanna.

Mr. Lawton spoke to the Board about Aqua Virginia and their offer to Fluvanna to provide water.

Mr. Hines mentioned that if Fluvanna decided to proceed with Aqua Virginia, they would have to renegotiate their permits with DEQ. Mr. Hines stated that this would be a lengthy and detailed process.

ATTORNEY'S ITEMS

Mr. Krueger updated the board on the status of Mr. Doug Johnson's appeal.

Mr. Krueger updated the Board about the transfer of the application for the water transport agreement through ECTI which is now in the name of the James River Water Authority.

Mr. Krueger said that the water withdrawal permit is officially in the name of the James River Water Authority.

Mr. Krueger explained to the Board what would happen with the current permits if the Authority was dissolved or if one of the Counties withdrew.

Mr. Krueger talked briefly to the Board about a breakdown of the legal bills.

ENGINEER'S ITEMS

Mr. Hines noted that Dominion Power has not responded in reference to the easement agreement for use of the intake structure.

Mr. Hines noted there has been additional correspondence with ECTI.

Mr. Hines spoke to the Board about his personal history experience working with the Fluvanna and Louisa in the early stages of the project through the formation of the Authority to move this project forward. Mr. Hines reported that Timmons Group had originally performed a Water Resources Study for Zion's Crossroads in 1996 on behalf of Louisa and Fluvanna Counties.

Mr. Hines reported that Timmons re-reviewed the original correspondence regarding the one million-dollar appropriation to build a pipeline to serve the Department of Corrections. The funds were originally appropriated in 2003 to help pay for construction of a pipeline to the Louisa County system.

Mr. Hines reported on VRA financing and the upcoming application process. Mr. Hines noted that the VRA application had been updated and VRA advised that the application due date is February 12, 2010, and the JRWA would need to submit a new application with the corresponding application fee of \$5,000. Mr. Hines reported that VRA's 30-year bonds were issued at an all time low of 3.85% "all-in" interest rate for the fall 2009 bond pool. Mr. Hines spoke to the Board in detail about Fluvanna and Louisa's estimated contribution if financing were provided by VRA and the potential impacts of increased interest rates.

Mr. Hines noted that Rural Development utilizes median household income (MHI) as a basis for setting rates. Mr. Hines noted that a review of the 2000 Census data revealed that Fluvanna's MHI in 1999 was higher than Louisa's MHI.

Mr. Hines reminded the Board that the VMRC permit for construction of an intake structure in the James River that was originally issued in July of 2006 expired in July 2009. Mr. Hines

reiterated that initial conversations with the issuing agencies indicated the permits could be potentially extended; however, there would most likely be reluctance for them to extend any permits before they know a project is moving forward. Mr. Hines noted that if the project does not move forward in a timely manner, the Authority may have to re-apply for the construction permits, which could cost additional time and money.

Mr. Hines emphasized to the Board, that if it is determined the project should move forward, the importance of taking advantage of the suppressed construction prices and low interest rates in the current market place.

CLOSED SESSION

* Mr. Thomasson left at 2:58 p.m.

Mr. Lawton motioned to go into Closed Session for consultation with legal counsel to discuss the Johnson litigation pursuant to Virginia Code §2.2-3711.A7. Mr. Duke seconded the motion.

On the motion of Mr. Lawton, seconded by Mr. Duke, which carried by a vote of 5-0, with Mr. Gooch absent, the Board voted to enter Closed Session at 2:57 p.m. for the purpose of consultation with legal counsel to discuss litigation pursuant to Virginia Code §2.2-3711.A7.

RESUMPTION OF REGULAR SESSION

On the motion of Mr. Mullen, seconded by Mr. Lawton, which carried by a vote of 4-0, with Messrs Gooch and Thomasson absent, the Board voted to return to regular session at 3:21 p.m.

RESOLUTION - CERTIFICATION OF CLOSED SESSION

On the motion of Mr. Lawton, seconded by Mr. Duke, which carried by a vote of 4-0, with Messrs Gooch and Thomasson absent, the Board voted to adopt the following resolution:

WHEREAS, the James River Water Authority Board of Directors has convened a Closed Meeting pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712 of the Code of Virginia requires a certification by the James River Water Authority Board of Directors that such closed meeting was conducted in conformity with the Virginia Law.

NOW, THEREFORE BE IT RESOLVED that the James River Water Authority Board of Directors does hereby certify that, to the best of each member's knowledge, (i) 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 (ii) only such public business matters as were identified in the motion convening the closed meeting was heard, discussed or considered by the James River Water Authority Board of Directors.

Mr. Payne requested a roll call vote on Mr. Lawton's motion.

<u>NAME</u>	<u>VOTE</u>
Mr. Lawton	Yes
Mr. Duke	Yes
Mr. Payne	Yes
Mr. Thomasson	Absent
Mr. Mullen	Yes
Mr. Gooch	Absent

ADJOURNMENT

The Board will not be meeting February 18, 2010, for the special meeting, the next Board meeting will be March 4, 2010.

On the motion of Mr. Lawton, seconded by Mr. Gooch, which carried by a vote of 4-0, with Messrs Gooch and Thomasson absent, the Board voted to adjourn the February 4, 2010 meeting at 3:24 p.m.

BY ORDER OF

THOMAS E. PAYNE, CHAIRMAN
BOARD OF DIRECTORS
JAMES RIVER WATER AUTHORITY