

**MINUTES OF THE
EASTERN SHORE OF VIRGINIA
PUBLIC SERVICE AUTHORITY**

A meeting of the Eastern Shore of Virginia Public Service Authority was held on Tuesday, November 15, 2011, at 7:00 p.m. in the main conference room, 16404 Courthouse Road, Eastville, Virginia.

Members present:

Bob Panek, Chairman
Artie Miles, Vice Chairman
Henry J. Heneghan, Jr.
Felton Sessoms

Granville F. Hogg, Jr.

Member absent:

J. T. Holland
Carl Harris

Others present:

Katherine H. Nunez, County Administrator & Executive Director
Janice Williams, County Administrator's Office

Call to Order & Establishment of Quorum:

Chairman Panek was not able to call the meeting to order due to lack of a quorum.

The members participated in an informational discussion relative to agenda topics as follows:

Hospital Committee: The Chairman indicated that he had contacted Riverside officials twice but they have not responded. They did provide copies of their DEQ violation notices.

Northern Node Committee: The Chairman noted that he, Mr. Miles and the Executive Director had met with DEQ representatives and provided the following hand-out:

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Eastern Shore of Virginia Public Service Authority

Northern Node

PER assumed a grant/loan ratio of 65%/35%, or \$7.3M/\$4.0M, with loan terms of 0% interest for 30 years. DEQ will only approve loans for 20 years for treatment plants, but will approve 30 years for collection systems and force mains. USDA RD offers reduced interest rates, but not 0%, for terms of up to 40 years. Also, they offer grants as part of a grant/loan package. We will probably need to initially accept a loan from USDA RD and then buy it out with a DEQ 0% loan. Grant and loan coverage will need to be structured with these constraints in mind. A nominal grant/loan layout follows:

<i>Treatment Plant</i>	\$3.9M
<i>(incl. septage, dewatering, dispersal, Land, O&M manual)</i>	<i>-1.3 Medical Community contribution</i>
	\$2.6M <i>USDA RD grant</i>
<i>Collection System & Force Main</i>	\$7.4M
	<i>-1.5 DHCD grant</i>
	<i>-4.0 DEQ CWRLF 0%/30 years</i>
	\$1.9M <i>USDA RD grant</i>
<i>Summary:</i>	
\$1.3M	<i>Medical Community</i>
1.5	<i>DHCD grant</i>
4.5	<i>USDA RD grant</i>
4.0	<i>DEQ CWRLF 0%/30 years (buyout initial USDA RD loan)</i>
<i>Total</i>	\$11.3M

USDA RD grant/loan ratio = 53%/47%

The next steps would be to continue discussions with the medical community and USDA-RD.

Southern Node Committee: Mr. Panek and Mr. Heneghan are continuing to work with the consultants. The following comparison was distributed:

Southern Node Project Comparisons w/ Mandatory Connections

	Capital Costs	ERC	Capital Cost/ ERC	Grant/ Loan Mix	Annual O&M	Annual Debt Svc.	Monthly Resid. Rate
Orig. South. Node PER	11,408,000	753	15,150	71/29	176,500	228,100	42
Orig. South. Node PER Without Fairview	10,840,000	597	18,157	86/14	161,000	124,500	42
Cheriton Only	7,533,000	341	22,091	82/18	83,670	88,280	42

The next step is the meeting with the Cheriton Town Council, planned for next week.

Adjourn:

The next meeting of the PSA will be held on Tuesday, December 20, 2011, in the main conference room, 16404 Courthouse Road, Eastville, Virginia.

The meeting was adjourned at 8:00 p.m.