



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

South Central Wastewater Authority

Board of Directors Meeting

DATE: March 21, 2019

TIME: 2:00 PM

LOCATION: South Central Wastewater Authority
Board Room, Administration Building
900 Magazine Road
Petersburg, Virginia 23803

AGENDA

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Regular Meeting of the Board on January 16, 2019
3. Public Comment and Public Hearing on Proposed FY 2019/2020 Budget
4. Executive Director's Report
 - Establishment of Interest-Bearing Account for Idle Funds
 - 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
L. Lyons, Petersburg
W. Henley, Colonial Heights
K. Massengill, Dinwiddie County
F. Haltom, Prince George
A. Anderson, McGuire Woods

1. Call to Order/Roll Call

2. Approval of Minutes: Minutes of the Board Meeting held on January 16, 2019

Following for your review and approval are the minutes of the Regular Board Meeting held on January 16, 2019.

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

BOARD OF DIRECTORS MEETING
South Central Wastewater Authority
January 16, 2019 at 2:30 p.m.
Location: Appomattox River Water Authority
21300 Chesdin Road, S. Chesterfield, VA 23803

PRESENT:

Doug Smith, Chairman (Colonial Heights)
Percy Ashcraft, (Prince George)
George Hayes, Secretary/Treasurer (Alternate, Chesterfield)
Joseph Casey, (Chesterfield)
Robert B. Wilson, (Dinwiddie)
Kevin Massengill, (Alternate, Dinwiddie)
Lionel Lyons, (Alternate, Petersburg)
Frank Haltom, (Alternate, Prince George)

ABSENT:

Aretha Ferrell-Benavides, Vice-Chairman (Petersburg)
William Henley, (Alternate, Colonial Heights)
William Dupler, (Alternate, Chesterfield)

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:

Denny Morris, (Crater Region Planning Commission)
Peter Nash, (Golder Associates)
Steven Nebiker, (HydroLogics)
Dave Yost, Resident
Lowell Thomason, Resident
Dave Lumsden, Resident
Bill Roberts, Resident

Mr. Smith, Chairman, called the meeting to order at 2:31 p.m.

1. Call to Order/Roll Call.

The roll was called.

2. Approval of Minutes: Minutes of the Regular Meeting of the Board held on November 15, 2018

Upon a motion made by Mr. Lyons and seconded by Mr. Hayes the following resolution was adopted:

RESOLVED, that the Minutes of the Regular Meeting of the Board held on November 15, 2018 are hereby approved:

For: 5 Against: 0 Abstain: 0

3. Public Comment

Mr. Smith stated the next item is public comments. This would be public comments for the South Central Wastewater Authority. Once this meeting adjourns, we will move to the Appomattox River Water Authority meeting. He asked if there were any comments from the public for this Board? He stated seeing none we will move onto the Executive Director's Report.

4. Executive Director's Report:

• Work Plan Summary/Update: January 1, 2019 to June 30, 2019

Dr. Wichser stated the Board asked that we provide them with the South Central Wastewater Authority's strategic work plan summary update, which we do every six months. He further stated in the Board package you will find the Work Plan Summary update for January 1, 2019 through June 30, 2019. He further stated the purpose of this Work Plan is to ensure that the Authority has 100% compliance with the Virginia Pollution Discharge Elimination System Permit. He further stated he included in this update our strategic framework, the vision, values and mission, our team of professional and experienced employees serve our Members and the community by providing high quality wastewater treatment in a financially and sustainable manner. He stated he also put in, at the request of the Board changes that the Board felt would provide for better interaction between Staff and the Board. Dr.

Wichser reviewed the Work Plan Summary update with the Board.

Mr. Lyons stated his only question in terms of the construction projects is that you're talking about completion by May, and asked if they are within budget and according to the time schedule and Dr. Wichser replied they are. There were no other questions on the Work Plan.

- **Presentation of Proposed FY 2019/20 Operating Budget**

Dr. Wichser stated he would like to move on to the proposed FY 2019-20 Budget for the South Central Wastewater Authority. He further stated there was an update on one paragraph in the memo and provided a handout showing the narrative edits in this paragraph. He stated that the proposed 2020 budget has an overall increase of \$260,600 which is 3.2% over the current fiscal year. He further stated we are continuing to fund the capital program account. He stated costs that are increasing are our hospitalization insurance going up \$130,000. He further stated we are reducing costs for equipment replacement and our nutrient credit purchases. Dr. Wichser stated that all remaining landfill leachate revenue will be placed into the Capital Reserve Account. He further stated presently Debt Service is zero.

Dr. Wichser stated we had a conversation with our Secretary/Treasurer, Mr. Hayes, yesterday, and he suggested some narrative editing under the Section titled Rate Stabilization Fund. He stated the numbers stay static based on these edits. He stated there was a little bit of confusion in the verbiage using Rate Stabilization Fund since it's really named the Capital Reserve Account. Dr. Wichser also stated the Capital Reserve Account, which is used to offset future capital project rate increases, has been reallocated from member participation based on flow to member participation based on plant allocation. He further stated that's the only change made this year related to this Account. He stated as in last year's budget we had budgeted \$1.7 million to go into the Capital Reserve Account, and this year, we're again requesting Board approval and budgeting \$2.0 million. Any remaining landfill leachate revenue will be placed into this account. He stated he just wanted to clarify that item and we do not recommend any look back adjustments based on last year's Capital Reserve Account contribution based on flow rather than plant allocation. Mr. Smith asked if that was the first year it was done in 2017-18 and Dr. Wichser replied, yes.

Dr. Casey arrived at 2:39 p.m.

Dr. Wichser stated that salaries and wages are the next paragraph, and we are requesting a performance base salary increase up to 4%, where the average employee would receive a 2% salary increase with only the higher performing employees eligible for a higher increase. He further stated with a performance-based program, non-performing employees that receive less than 2% will be put on probation and provided a time to improve.

Dr. Wichser stated the Replacement Fund is set at \$593,000, which decreased \$43,000, and it does not contain any major projects at this time for South Central. He stated that brings us down to the revenue, and when we look at the revenue, present budget versus proposed budget, the annual cash difference, the percent differences; we see the City of Petersburg is at an increase of 4.25% between last year and this year. He stated that Colonial Heights is reducing down 2.3%, Chesterfield County going up 4.3%, Prince George up 3.4% and Dinwiddie increases at 7.75%.

Dr. Wichser stated Board approval or action is not required at this time, however, staff is requesting approval to public notice this budget. He further stated we are required to public notice the proposed budget twice before the March 21st Board meeting. He stated he would like to receive approval from the Board to move forward on the proposed budget advertisement. He further stated any budget changes, edits, additions or deletions requested by the Board can be made between the March public meeting, or actually even today's Board Meeting if you really wanted to make a change, but also at the May 16th Board Meeting when you will vote to approve the proposed 2020 budget.

Dr. Wichser stated information provided after the budget memo is where you will find the specific budget line items, and one thing he would like to point out to you when you look at the line item related to salaries, since it includes the requested 4% performance-based increase, there's no cost involved in that request. He stated this budget line item request is cost neutral this year because we had lost a higher salaried manager, and that difference essentially zeros out. He further stated as you go through the line items you'll see where increases or decreases occur. He stated in this proposed budget, we edited out on the second page where we stated Rate Stabilization

Funds to be deposited in the capital reserve account, and now call that line item the Capital Reserve Account, and behind that are the replacement fund budget items. He stated again, at this time staff is only requesting Board approval to public notice this budget.

Upon a motion made by Mr. Lyons and seconded by Mr. Wilson the following resolution was adopted:

RESOLVED, that the Board authorize the Executive Director to advertise the budget:

For: 5 Against: 0 Abstain: 0

Mr. Smith asked if there were any questions, comments or further information needed at this time. Mr. Wilson asked about the position with the person that left, are you going to fill that position and Dr. Wichser stated it was filled at a lower pay grade.

Dr. Casey stated he liked the Capital Reserve Account philosophy, and so forth, and again just at some point and it doesn't actually have to be today, but it would be good to understand what's the Board's role in defining the methodologies behind it, there's some financial policy that's Board adopted or Board considered. He further stated if one thing is good for South Central, what's the relevance and what can be borrowed for ARWA as well, or vice versa, so that it's just easier for him to remember what is good fiscal practices between an Authority rather than saying this is good for South Central and this is good for ARWA, unless something dictates them to be a differential in wording, if that makes sense. He stated that could be a future discussion as we go through what might be Board owned policies versus staff driven. He further stated his only observation is with the public budget and the public information that's there is the three percent to the four percent merit increase that always gets concern and attention when we have Authorities that we're a party to and a part of that have different merit philosophies than what at least what Chesterfield may be doing for its own workforce. He further stated that he thinks sometimes if you want to have a placeholder in there, that's kind of riding the tide if you will of localities of what we think it is, and he does not know if anyone from your staff has called out to Chesterfield, or called the other four localities to get a perspective where they stand and knowing of the environments they're in, the markets they're in, for and what they are thinking of giving their employees so at least hand in glove what they may end up with adopting, if there's something they're going past where you are, then if there's a reserve to consider that's also being hand in glove after the fact, but it's always kind of awkward. He stated this is not just for this Authority, it's for others that also have to start their budget processes before we start ours, so that we know how to embed that commitment into them, so it's that awkward timing anyhow, but he can tell you he doesn't think they have had the discussion at all about a four percent merit, and he knows he's going to get questions from employees and morale issues and distractions about that, especially if it's rate payers at the end of the day and Chesterfield paying for it.

Mr. Smith asked if there were any other thoughts on that particular topic or questions.

Mr. Smith stated to Dr. Wichser that he knew they had talked a little bit about it. He further asked him if he could just give the Board an overview from the past, what's the distribution of employees along a scale of how many would expect to be above three percent or more and how many below three percent if it were a four percent scale. Dr. Wichser stated that when we put this proposed budget together, we looked at addressing salary increases in a couple different ways, and we also looked at what the Commonwealth of Virginia was intending to do. He stated we know that has to go through the GA for approval, and Dr. Casey stated that's 5% over two years. Dr. Wichser stated that Ms. Wilkins can provide data that he thinks would address what Mr. Smith is questioning.

Ms. Wilkins stated Mr. Smith had a couple of questions. She further stated one, we look at it several ways. She stated we have a performance review, and historically, the average increase has been anywhere from 2% to 3%, over the total number of employees that we have between both Authorities, which is sixty-three employees. She further stated seventy-five percent of those employees fall between the two and two and a half percent increase. And that's basically on performance. She stated what we've looked at this year, if we did move forward with up to a four percent increase, the cost difference over the past four years for both Authorities, you're only looking at an additional \$7,000 dollars in costs for South Central and only an additional \$6,000 in costs for ARWA, and that's based on the distribution between the different departments. Mr. Lyons asked if she had a sense from this, if you go back to your performance improvement plan, you said 2% is base, 4% extra and below 2% performance improvement plan. He asked if she had a list of 1, 2, 3, 5 or 10 of those 63 that any of those fall under in that list of performance improvement. Ms. Wilkins stated that over the last two years, we've only had two employees from each Authority that fell below the performance standard, of which they're put on a probationary period, their areas

of opportunity and challenge are identified and they're given that chance to make those improvements working with their Supervisor or Manager. She further stated that we've been successful so far with that standard between both Authorities.

Mr. Smith stated one possible approach we could take here is advertise the budget as we have it laid out here allowing all the board members to, as you're reviewing your budgets coming up to the March meeting, have some further discussion on that topic. He further stated if you'd like to chime in and discuss further Dr. Casey's concerns on the particular percentage that may ultimately be what the Board agrees to here, but that would give us time for a little bit further discussion.

Mr. Lyons stated it may help a little bit going back to the question that he raised when you talked about the allocation of additional funds for leachate and others going to this fund, some degree of a foundation of how do we get to, basically your conversation of what goes in here, how is it allocated and utilized. He stated he thinks you are articulating some of that very, very well in the presentation. He further stated he didn't know if he missed a part of that as he came into the room, but that may be something as members of the Board, that I'm sitting in as an alternate today, to be able to articulate and talk about why you do what we do to get to this and he thinks it may be a worthwhile conversation.

Mr. Smith asked if there were any other questions or comments on the budget at this time. He stated we have a motion on the floor for approving the advertising of the FY 2019-20 South Central Wastewater Authority proposed budget. He further stated just do a general motion and vote for that. He asked All in Favor? Mr. Smith stated it passes unanimously.

For: 5 Against: 0 Abstain: 0

- **Status Report: Ongoing Projects/Operations/Financials/I&I/Leachate**

Dr. Wichser stated next, we have a status report from Mr. Gordon on ongoing projects, operations and financials.

Mr. Gordon stated, for the ongoing projects, we still have the two projects ongoing at the wastewater treatment plant. He further stated we have the treatment plant improvement phase two project, as well as the warehouse project. The treatment plant phase two project, as it states in your Board memo, the two groundwater de-watering wells, have been installed and are operational. He stated these wells have not been successful lowering the groundwater table. He further stated we are currently looking at other options to collect and remove the groundwater so that we can apply the grout. He stated we're looking at this issue internally and also the contractor is reviewing options. He further stated the excess rain we've had over the past year has complicated the issues. He further stated for the warehouse project, the concrete slab has been poured, site work including the storm water piping is complete, whereas delivery of the building shell, that's on a critical path, we're hoping for a February maybe early March delivery. He stated project completion date is scheduled for about May 26, and he thinks we are on track for that right now. Mr. Gordon stated as far as the Operating and Financial Status Report this information is in your Board package and he asked if there were any questions on this information. He stated the next scheduled Board meeting is March 21, 2019 at 2:00 p.m. at the South Central Wastewater Authority. He stated the annual maintenance inspection report for the South Central Wastewater Authority has been completed and that staff along with our consultants have started the solids building evaluation. He stated that is one project that is being paid out of the Capital Reserve Account and is not impacting the budget, and we have met with our Trust Engineers regarding that study. He further stated W-2's have been prepared and distributed to employees.

Mr. Gordon stated, at the last Board meeting a quarterly update of the member's distribution system flows was requested on a quarterly basis and he received the last of the flows today, so that quarterly update should be coming out soon. He further stated as far as for the final effluent nutrient load for the end of the year; for total phosphorus we ended the year just over 6000 pounds under our annual waste load allocation, and for total nitrogen we ended the year about 94,000 pounds over our annual allocation. He stated but then again, we're purchasing 167,000 plus pounds of nutrient credits to offset those.

Mr. Gordon stated as for the operational report, we met all discharge permit requirements for 2018. He further stated we have been in communication with NutriBlend, who is our contractor to remove biosolids, to work with us to keep up on biosolids disposal on a routine basis. He stated the excessive wet weather has complicated biosolids land application. He further stated we are presently going to landfill for disposal, which is more than two times the cost, however, we do have buffer in the budget to cover this cost. He further stated comparatively speaking land application is about \$20 a wet ton and landfilling is about \$47 a wet ton, so it's more than doubling our disposal cost but there's no other option right now.

Mr. Gordon stated for maintenance we completed work in the primary clarifiers that had to be completed, and we replaced a large mixing pump in an aeration basin. He further stated we do want to get in and finish up the diffusers in the aeration basins, but again wet weather is complicating that with high flows coming into the plant.

Mr. Gordon stated related to instrumentation we did have a safety interlock on a blower that we had to replace. He further stated they don't make these parts anymore, but we did find a replacement. He stated as these parts go bad, we will replace one at a time. We have five blowers, so we have plenty of spares on site.

Mr. Gordon stated in the laboratory the main thing is they're completing the annual pretreatment report. This required regulatory report is being worked on now and will be out by the end of the month.

Mr. Gordon stated the financial report is here for your inspection if you have any questions, he, Ms. Wilkins and Dr. Wichser will be happy to address any of those.

He stated for the I&I Report, as you can see, November and December continued the trend of a very wet year. He further stated he thinks everybody realized last year was the second wettest on record. He stated as shown in the table in your Board report, the rainfall numbers for December were not abnormally high, average flows for South Central are higher than prior years, most likely the result of groundwater saturation impacting the I&I flows.

Mr. Gordon stated you will also find information for the leachate trucks. He further stated we averaged nine to ten trucks per day coming in, and this includes the holidays. He stated there were some days we were shut down. He further stated he believed there were some snow days in December, but in November we brought in \$121,000, and in December we brought in \$104,000 related to leachate treatment, and all that revenue went directly into the Capital Reserve Account. He asked if there were any questions on any of the reports and would be happy to answer those.

Mr. Smith asked if any questions from the board.

Mr. Lyons asked if anything significant in the finances that should be concerned about, anything changed and Mr. Gordon stated no as everything looks pretty much on budget right now. He further stated nothing out of the ordinary, and again, the only thing we're watching is the biosolids removal because those disposal costs have increased, but we always build a little buffer for instances like this. Mr. Lyons asked if there was any notification given to you from the City of Petersburg indicating that there's going to be some major road work done on the Island, and Mr. Gordon stated yes, we did receive a contact. He further stated one of them was in touch with our Operations Manager; they were going to meet about the City's upcoming bypass pipe on the Island. Mr. Lyons stated along those areas, and he is new to this but I've been at the site with Staff and others there. He further stated Southern Construction will be on site, he thinks, starting next week with Staff. He stated there is some concern, however, that the weight of the trucks entering South Central Wastewater may have caused this major pipeline hairline crack, if not more cracks in the main sewer line that goes into the plant. He further stated there is some thought that potentially if they are not able to repair it, there may have to be a bypass, which would be costly. He stated a big question in there is, and he doesn't know if you all may know this, is there any sense that those trucks could be impacting that major crack, or is it something that has not been repaired for a period of time. He stated he's just trying to figure it out, because it's a question that the City Manager asked him how is this happening. Of course, the number of the leachate trucks have been reduced in the neighborhood and others have been fine. He further stated they met with Mr. Pocahontas himself, Mr. Stewart, and there was a litany of questions that were raised from a technical perspective in terms of the number of trucks or the weight of the trucks and the potential

impact on that, because that is the main pipeline that gets the sewer out of there. He stated he wanted to make sure you all are aware and someone had brought it to your attention.

Dr. Wichser stated we weren't aware of what you mentioned, but you also have to remember if we didn't have leachate trucks, we'd still have chemical tankers coming in for supplying of lime and for other chemicals, so even if the leachate wasn't there, we still have the trucks coming in. He further stated the way to better understand the cause technically would be to find out what material the pipe is made of, have a cross section of that pipe sent to a metallurgy laboratory and analyzed and try to determine specifically was it ductile iron or cast iron, or was it a cementations type of product, and then they might be able to have a little bit of insight technically what might have caused the failure, what type of split was it, was it perpendicular, was a longitudinal. He stated there needs to be some technical analysis done before you could really ascertain what might have caused the pipeline failure. Mr. Gordon stated they actually had that corner where they had a pipe elbow just up from the present failure that cracked a couple years ago, and he believes it was cast iron pipe and he thinks it's been there since the 50's. He further stated as Dr. Wichser said, we couldn't answer why it failed without some testing.

Dr. Casey stated he appreciated the flows and all the information on that, and again not today as we talk about the budget, he thinks it's important that he knows what's the methodology by which you estimate next year's flows, you're balancing your budget and one of two things, how much are they based upon the current trends that are going on today. He further stated he realized they could be different because of whether it's wet or dry, so he understands that factor, but he also thinks; what do the localities think that they're going to be sending your way, because of our knowledge of usage of your system. He stated so you know he's not a person who just takes five year trends and just says because something happened over the last five years on average by default that's where we start, you know we can be better at that and perfect it because he thinks all of us don't want surprises at the end of the year of a billing cycle that has to be trued up or a revenue below or above budget because we knew something today that that we just we're not looking at and we rely upon just an antiquated five year rolling average.

Mr. Smith asked if any other questions.

5. Items from Counsel

Mr. Smith asked if there were any items from Counsel and Mr. Anderson replied no.

6. Closed Session

Mr. Smith asked Mr. Anderson if there were any Closed Session items and he replied no.

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

Mr. Smith asked if any items from Board Members/Staff not on agenda.

Mr. Haltom stated you may be aware by now that Prince George County submitted a request to the General Assembly's amended budget requesting \$5 million dollars towards the funding of the plant upgrades in future years. He stated it had to be brought up to this Board for any further input if it's something that's not appropriate that we want to rescind we can make that request to rescind it. He further stated the only information from the Board is to make that request prior to getting this intake.

Mr. Smith stated he appreciated Mr. Haltom bringing this up.

Mr. Lyons stated along those lines, when they did meet with them, they had asked the City Manager if Petersburg would join in signing the letter largely because it would have a significant impact on what Petersburg does not have to pay and the City Manager did endorse that letter.

Dr. Casey stated he is wholly supportive anytime we have to ask the General Assembly for \$5 million, that we actually have a project that we believe that can be funded. He further stated so you know, asking for \$5 million for something that could cost \$50 million or potentially \$100 million, if you really want to get this system to 2019

standards or 2023 standards, maybe it's a better way of saying it by the time it all be done. He stated you know, it's easy to ask for something, the hard part is we need to make a decision and are we willing to hold our side of the bargain, and when are we ready to adjust our rates to pay for it, we've lost a lot of credibility on the ARWA side over that topic because we asked them twice for \$5 million and we were "0" for "2" as far as holding our end of the bargain. He further stated you won't get any argument from him about asking the General Assembly, but he does think for a credibility standard, and again, maybe we can talk about it during the budget exercises or what can be an amendment and we'd have to be careful how much you need, how much you can amend the budget that you've said to the public, we're doing "x" and all sudden we have a \$50 million project appended to it the day after we adopt it, so you know, and he knows the Capital Reserve is an element to it, but it's not as transparent as calling something a Capital Reserve is different than saying that this is the funding source and base of our budget for the matching side of the Debt Service for the \$5 million. He stated that goes a lot further when we talk to our delegation, because he's already getting some pushback of saying "you know, we've already done this for you twice what makes us listen this time" and until we act as a Board, he doesn't have an answer to that question.

Mr. Smith stated he knew that Staff had planned out in the future capital project planning some portions of the project, of course, that there's still the side on the rates and financing paying for that down the road. He asked if there were any other questions or comments on that topic at this time. He stated we can explore that further during the budget discussions and thanked him for bringing that up to the group.

8. Adjourn

Mr. Smith stated if there's no other business and asked for motion to adjourn.

Upon a motion made by Dr. Casey and seconded by Mr. Lyons the meeting was adjourned at 3:02 p.m.

MINUTES APPROVED BY:

George Hayes
Secretary/Treasurer

3. Public Comment and Public Hearing on Proposed FY 2019/2020 Budget

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.

SOUTH CENTRAL WASTEWATER AUTHORITY
PROPOSED BUDGET AND ESTIMATED CHARGES FOR THE FISCAL YEAR ENDING JUNE 30, 2020

Notice is hereby given that the Board of the South Central Wastewater Authority (the "Authority") will hold a public hearing for informative and fiscal planning purposes to consider the following proposed budget for the fiscal year ending June 30, 2020 ("FY2020") including the estimated amounts to be paid by each of the Authority's five member jurisdictions and other users. The public hearing allows the public to question and comment on the proposed budget and estimated charges.

The meeting, which may be continued or adjourned, will be held after the conclusion of the meeting of the Appomattox River Water Authority, which is scheduled to begin at 2:00 o'clock p.m. on March 21, 2019, before the Board, in the South Central Wastewater Authority Board Room at 900 Magazine Road, in Petersburg, Virginia. Any person interested may appear at the meeting and present their views. Information regarding the proposed budget is on file and is open for inspection at the South Central Wastewater Authority's office at 900 Magazine Road, Petersburg, Virginia, during business hours.

PROPOSED BUDGET

REVENUES

| | |
|-----------------------------------|--------------------|
| Chesterfield County | \$729,702 |
| City of Colonial Heights | 1,622,291 |
| Dinwiddie County | 747,084 |
| City of Petersburg | 4,771,204 |
| <u>Prince George County</u> | <u>589,419</u> |
| TOTAL REVENUES | \$8,459,700 |

EXPENSES

Operating and Maintenance Expenses:

| | |
|-------------------------------------------------------------------|--------------------|
| Salary & Wages | \$1,900,000 |
| Employee Benefits | 892,000 |
| Contractual Services | 369,600 |
| Other Charges (Utilities, Insurance, Fuel, Training) | 974,400 |
| Materials and Supplies | 1,205,700 |
| Equipment Replacement | 593,000 |
| Nutrient Credit Purchases | 525,000 |
| Capital Reserve Account (Participating Jurisdiction Funded) | 2,000,000 |
| Reserve Policy | 0 |
| <u>Equipment Repair & Replacement Fund</u> | <u>0</u> |
| TOTAL EXPENSES | \$8,459,700 |

REVENUE DETAIL BY PARTICIPATING JURISDICTION

| | PRESENT FY2019 PAYMENTS | PROPOSED FY2020 PAYMENTS | ANNUAL Cash Difference | % Difference |
|--------------------------|----------------------------|-----------------------------|---------------------------|--------------|
| City of Petersburg | \$4,576,617 | \$4,771,204 | \$194,587 | 4.25 % |
| City of Colonial Heights | \$1,659,787 | \$1,622,291 | -\$37,496 | -2.26% |
| Chesterfield County | \$699,349 | \$729,702 | \$30,353 | 4.34% |
| Prince George County | \$570,020 | \$589,419 | \$19,399 | 3.40% |
| Dinwiddie County | \$693,327 | \$747,084 | \$53,757 | 7.75% |
| TOTAL | \$8,199,100 | \$8,459,700 | \$260,600 | |

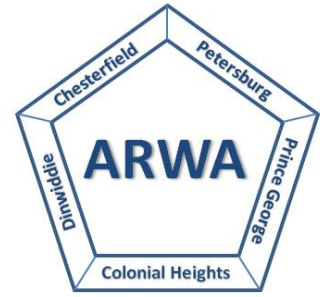
Pursuant to the wastewater service agreement in effect between the Authority and each of its five member jurisdictions, the proposed budget as set forth above is subject to change during or after each fiscal year based on, among other things, each member jurisdiction's actual use of the Authority's wastewater treatment facilities and the actual amounts of revenues received and expenses incurred by the Authority during FY2020.

The Authority has also proposed to charge (i) a septage rate of the greater of \$25 per truck or \$0.05 per gallon offloaded and (ii) a leachate rate of \$0.095 per gallon offloaded. Pursuant to a resolution adopted by the Board of the Authority on January 18, 2018, all septage, leachate and other special revenues not paid by the member jurisdictions pursuant to the wastewater service agreement are to be deposited in the Capital Reserve Account and held for use with Board approval to fund future capital improvement projects or to pay Authority operating expenses in the event of unanticipated financial emergencies.

4. Executive Director's Report

- **Establishment of Interest-Bearing Account for Idle Funds**

Following is a memorandum regarding the establishment of interest- bearing accounts for the idle funds at the SCWWA. Also included is the LGIP August 2018 Investment Circular.



MEMORANDUM

**TO: SOUTH CENTRAL WASTEWATER AUTHORITY
BOARD OF DIRECTORS**

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

**SUBJECT: MEMBERSHIP IN VIRGINIA LOCAL GOVERNMENT
INVESTMENT POOL PROGRAM**

DATE: MARCH 21, 2019

We have reviewed and researched alternatives and opportunities to invest South Central Wastewater Authority (SCWWA) revenue deposits. Presently the Authority does not maintain any interest bearing accounts on revenue deposits. After discussion with the Authority's financial advisor and McGuire Woods, we request your concurrence to immediately move forward and begin using the Virginia State Treasury managed Local Government Investment Pool (LGIP) as similar associated agencies do to earn an interest return. SCWWA would deposit and withdraw funds from the LGIP as needed to meet target cash balances in our operating and capital accounts. The LGIP is widely used across the Commonwealth of Virginia in a similar fashion by localities and is meant to have daily liquidity.

One alternative similar to the LGIP is the Virginia Investment Pool (VIP) administered by the Virginia Association of Counties (VACo)/Virginia Municipal League (VML) also known as the Virginia Local Government Finance Corporation, which was formed by a joint effort between VACo and VML in 2003. This investment pool trust fund uses deposits from participating members to invest in fixed income securities to attain better returns for localities and political subdivisions, which is normally difficult due to limited management resources. The pool allows its members to access investment markets and share the cost of professional investment management services. The pool normally invests in high quality municipal and corporate bonds, and has a relatively short-term focus of one to three years even though deposits are fairly liquid over a rolling ninety day period preferred, but can be accessed on a semi-monthly basis.

Even though the VIP fund is currently returning 0.99% versus the LGIP with a return of 0.44%, staff feels the LGIP daily liquidity is important to SCWWA in meeting future needs. Attached to this memo you will find the Virginia Department of the Treasury, Local Government Investment Pool August 29, 2018 Investment Circular.

BOARD ACTION REQUESTED:

Staff requests Board approval to become a participant in the Virginia Local Government Investment Pool Program. This approval authorizes the Authority's Executive Director to execute documents and all other instruments necessary to become a member of and make deposits and withdrawals to and from the Local Government Investment Pool Program.

Virginia Department of the Treasury

LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

INVESTMENT CIRCULAR

August 29, 2018



Commonwealth of Virginia
Department of the Treasury

Manju S. Ganeriwala
State Treasurer

VIRGINIA DEPARTMENT OF THE TREASURY
LOCAL GOVERNMENT INVESTMENT POOL PROGRAM
PORTFOLIOS:

LGIP PORTFOLIO
and
LGIP EXTENDED MATURITY (LGIP EM) PORTFOLIO

“INVESTMENT CIRCULAR”

Manju S. Ganeriwala
State Treasurer

ADVISORY BOARD
Treasury Board
Commonwealth of Virginia

CUSTODIAN
JPMorgan Chase Bank

TRANSFER AGENT
U.S. Bancorp Fund Services, LLC

INDEPENDENT AUDITORS
Auditor of Public Accounts
Commonwealth of Virginia

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OVERVIEW

INTRODUCTION

The Virginia Department of the Treasury (Virginia Treasury) administers the Local Government Investment Pool program for public entities of the Commonwealth. This program offers two professionally managed investment portfolios that comply with the Investment of Public Funds Act. Both investment portfolios offer public finance officials the benefits of large scale institutional investment management provided by the Investment Division of the State Treasurer's office.

The Virginia Treasury LGIP portfolio is a diversified portfolio structured to provide public entities an investment alternative that seeks to minimize the risk of principal loss while offering daily liquidity, a stable Net Asset Value (NAV), and a competitive rate of return. The Virginia Treasury LGIP is rated 'AAAm' by Standard & Poor's (S&P).

The Virginia Treasury LGIP EM portfolio is a diversified portfolio structured to provide public entities an investment alternative for those Virginia public fund investors who wish to invest monies not needed for daily liquidity. The LGIP EM will hold only high quality fixed income securities with maximum maturity of five years and an expected weighted average maturity of one year. The LGIP EM will be a floating NAV portfolio. The LGIP EM is not yet rated but expects to receive a rating of 'AAAf/S1' by S&P.

Unlike the LGIP portfolio, which targets a stable NAV and a 60 day maximum weighted average maturity, the LGIP EM portfolio will target a one year weighted average maturity to provide additional yield. As a result of the longer maturity, the value of the LGIP EM shares will fluctuate with changes in the market value of the portfolio and the redemption of shares may result in a capital gain or loss. Only investors who can tolerate gains and losses on invested funds that are not needed for near term liquidity should consider the LGIP EM portfolio. As an example, an immediate 1.0% change in interest rates would be expected to result in approximately a 1.0% increase or decrease in the NAV of a portfolio with a weighted average maturity of 1.0 year such as the LGIP EM.

STATUTORY AUTHORITY

The 1980 session of the Virginia General Assembly enacted the Local Government Investment Pool Act, Sections 2.2-4600 through 2.2-4606 of the *Code of Virginia*, authorizing the Treasury Board to administer the Local Government Investment Pool program for the benefit of public entities of the Commonwealth. As permitted by law, the Treasury Board has delegated the administrative aspects of managing the program to the State Treasurer subject to the regulations and guidelines established by the Treasury Board. The Treasury Board has determined that it is in the best interest of program participants to offer two investment options to meet the overnight and extended maturity investment objectives of public entities.

ADVANTAGES

The LGIP and the LGIP EM portfolios offer the public investor diversification and professional management in compliance with the *Code of Virginia* Investment of Public Funds Act. Through participation in the portfolios, public entities can take advantage of additional benefits:

1. *Convenience and Compliance* - Participants own shares of a diversified portfolio managed in compliance with Virginia's Investment of Public Funds Act and safekeeping statutes as well as required Governmental Accounting Standards Board (GASB) reporting standards.
2. *Cash Management* - Same day liquidity in the LGIP permits flexibility and fine-tuning of cash management needs while weekly liquidity in the LGIP EM offers the opportunity to pursue higher investment yields through longer maturity securities.
3. *Costs* - All administrative and management fees are deducted prior to calculating the portfolio yield and prior to distribution of the earnings to participants; therefore, fees are totally transparent to participants. (See Management Fees for fee calculation).
4. *Online Account Services through a secure website available 24/7* - Purchase or Redeem investments in the LGIP using Treasury's Funds Management System (FMS). View account balances, historical activity, and monthly statements using LGIP Online Access (FANWEB). While we plan to offer the FMS service to participants in the LGIP EM, initially purchases and redemptions will only be accepted via telephone.
5. *Electronic Data Interchange (EDI)* - Direct investment of EDI payments from the State into the locality's LGIP account is permissible. This ensures immediate investment without the necessity of prior notification and eliminates the need and cost to wire funds to the LGIP. EDI information may be obtained online from the Department of Accounts (DOA) www.doa.virginia.gov/
6. *Statements* - Monthly statements are mailed by the fifth business day and are also available electronically through FANWEB.
7. *Competitiveness* - The LGIP and the LGIP EM offer competitive rates of return relative to other portfolios with similar risk and maturity profiles.

MANAGEMENT AND COMPLIANCE

INVESTMENT MANAGEMENT

The Treasury Board of the Commonwealth of Virginia serves as investment adviser to the LGIP and the LGIP EM portfolios and provides fiduciary oversight on behalf of the participating local officials subject to regulations and guidelines adopted by the Treasury Board. The Treasury Board is authorized pursuant to Section 2.2-4605 of the *Code of Virginia* to delegate the administrative aspects of daily operations to the State Treasurer.

The Treasury Board, created by Section 2.2-2415 of the *Code of Virginia*, consists of the State Treasurer (Chair), the Comptroller, the Tax Commissioner, and four citizen members appointed by the Governor. The four citizen members must have a background and experience in financial management and investments.

The State Treasurer is responsible for the direct management of approximately \$9 billion in investments; the custody of all investments of the Commonwealth or held by the Commonwealth in a fiduciary capacity; the development of cash management policies; procurement of statewide banking services; issuance and management of Commonwealth debt; administration of the Security for Public Deposits Act; administration of the Unclaimed Property Act and Escheat statutes; and risk management for the Commonwealth. The State Treasurer also serves as a member of nine additional State boards and authorities.

The State Treasurer's investment staff, subject to approved policies and guidelines issued by the Treasury Board, makes investment decisions for the LGIP and the LGIP EM and executes orders to buy and sell securities on behalf of the LGIP and the LGIP EM. Virginia Treasury has contracted with JPMorgan Chase Bank to provide master custody services for the Commonwealth, and US Bancorp Fund Services, LLC to provide specialized mutual fund services for the LGIP and the LGIP EM portfolios.

MANAGEMENT FEES

Portfolio participants are charged an all-inclusive annual management fee, which is calculated daily and deducted from the daily earnings accrual prior to distribution to participants. The annual management fee for the LGIP portfolio is four basis points. For example, the annual fee for each \$1,000 invested is \$0.40. The annual management fee for the LGIP EM portfolio is eight basis points or \$0.80 for each \$1,000 invested. The annual management fee is the only fee or expense paid by participants. Any excess fee income net of expenses for the LGIP portfolio will be transferred to the LGIP Operating Reserve at fiscal year-end for the benefit of LGIP participants. Any excess fee income net of expenses for the LGIP EM portfolio will remain in the LGIP EM fee account.

The LGIP EM portfolio may invest up to 15% of net assets in the LGIP portfolio for liquidity management and the LGIP EM is assessed a four basis point management fee like all other participants in the LGIP.

SAFEKEEPING POLICIES

Established safekeeping policies of the LGIP and the LGIP EM portfolios ensure that securities purchased by the State Treasurer's staff are held in a manner that maximizes the State Treasurer's ability to maintain control over such securities at all times. All security transactions are delivery versus payment (DVP); i.e.,

the master custody bank will not release the funds to pay for purchased securities until securities are delivered, regardless of settlement date. LGIP and LGIP EM securities are required to be held in the respective master custody account and kept separate from all securities owned by the custody bank. The ownership and title to such securities remain vested in the Treasurer of Virginia, the legal custodian of the securities. The Global Custody Department of JPMorgan Chase Bank holds LGIP and LGIP EM securities in custody.

Repurchase agreements are collateralized by obligations issued or guaranteed by the U. S. government, an agency thereof, Government Sponsored Enterprises (GSEs), or the World Bank. A custodial bank holds the securities for the LGIP and the LGIP EM until the agreement(s) matures. Provisions of the repurchase agreement require the securities to be marked-to-market on a daily basis.

AUDIT AND COMPLIANCE

The Virginia Auditor of Public Accounts (APA) examines the financial statements and per share data of the LGIP and the LGIP EM as of June 30 following the close of each fiscal year. The APA also assesses the accounting principles used and the management of the LGIP and the LGIP EM and evaluates the overall financial statement presentation. The APA issues an opinion based on the audit. The audited financial statements and the Independent Auditor's Report are provided to participants annually. The LGIP and the LGIP EM financial statements are issued in compliance with GASB. In addition to the independent auditor's examination, the LGIP and the LGIP EM are included in the Department of the Treasury's internal audit plan.

The LGIP and the LGIP EM present monthly performance and compliance data and portfolio market valuation to the Treasury Board for their review.

Pricewaterhouse Coopers LLP has issued reports on the Suitability of the Design and Operating Effectiveness of Controls for the following: 1) JPMorgan Chase Bank, N.A. Investor Services (J.P. Morgan) Global Custody Report on Investor Services' Description of its Global Custody System, 2) JPMorgan Chase Bank, N.A., Institutional Accounting Report on Investor Services' Description of its Institutional Accounting System; and 3) JPMorgan Chase & Co., Corporate & Investment Bank's (J.P. Morgan) Information Technology Report on the Corporate & Investment Bank's Description of its Information Technology General Controls System (SOC 1). The latest report is available upon request.

Ernst & Young LLP was engaged by U.S. Bancorp Fund Services, LLC, to perform a Type 2 examination to report on controls at the Company in accordance with the AICPA's Statements on Standards for Attestation Engagements, particularly AT section 801 (AT 801), Reporting on Controls at a Service Organization (SOC 1). The latest report is available upon request.

INSURANCE

The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 2.2-1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchase insurance, self-insurance or a combination thereof.

LGIP PORTFOLIO

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LGIP PORTFOLIO
Investment Policy and Guidelines
Adopted by the Treasury Board
Date: May 25, 2017

PURPOSE

The LGIP portfolio, first established in 1980, offers public entities of the Commonwealth of Virginia the opportunity to participate in a professionally managed, 'AAAm' rated by S&P, diversified portfolio structured to meet the unique requirements of Virginia's Investment of Public Funds Act. Within the framework of the *Code of Virginia*, the LGIP is structured to provide public entities an investment alternative that minimizes the risk of principal loss, while offering daily liquidity and a competitive rate of return. Through the LGIP, public officials can share in the benefits and advantages of large-scale institutional investment management provided by the Investment Division of the State Treasurer's office.

POLICY

It is the policy of the Treasury Board of the Commonwealth to invest LGIP portfolio funds in a manner which will provide the highest investment return consistent with the primary objective of safety of principal while meeting the daily liquidity needs of the LGIP participants. Portfolio management will conform to all state statutes governing the investment of public funds and in accordance with S&P 'AAAm' requirements. Investments shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The LGIP portfolio shall be managed in accordance with the requirements of GASB Statement 79. Compliance with the standard enables the LGIP portfolio to elect to report its investments at amortized cost. Participants in the LGIP should also report their investments in the LGIP at amortized cost. Compliance with GASB Statement 79 requires that all of the following criteria are met:

1. The LGIP portfolio transacts with its participants at a stable net asset value per share (for example, all purchases and redemptions are transacted at \$1.00 net asset value per share).
2. All GASB Statement 79 requirements for portfolio maturity, quality, diversification, and liquidity are met.
3. A shadow price is calculated and meets GASB Statement 79 requirements.

INVESTMENT OBJECTIVES

The primary objectives, in priority order, of the LGIP portfolio investment activities shall be:

1. **Safety.** Safety of principal is the foremost objective. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
2. **Liquidity.** The LGIP investment portfolio will remain sufficiently liquid to enable it to meet all operational requirements that might be reasonably anticipated and in accordance with the liquidity requirements of both GASB Statement 79 and S&P's 'AAAm' requirements.
3. **Return on Investment.** The LGIP investment portfolio shall be designed with the objective of attaining a market rate of return throughout economic cycles, taking into account its investment risk constraints and liquidity requirements.

NAV AND PORTFOLIO VALUATION

Shares of the LGIP portfolio are purchased and redeemed at their NAV which, barring extraordinary circumstances, will maintain the constant price of \$1.00 per share. Management procedures stated in the "Investment Policy and Guidelines" facilitate this end.

The NAV of the LGIP is determined at the close of each business day. It is calculated by adding the amortized cost value of all portfolio securities and other assets, deducting actual and accrued liabilities, and dividing by the number of units (shares) outstanding.

The LGIP portfolio is valued by the amortized cost valuation technique, which values securities at their acquisition cost adjusted for amortization of premium or accretion of discount rather than at their value based on current market factors. Amortized cost valuation is permitted provided the LGIP investment portfolio meets all of the criteria of GASB Statement 79. The LGIP adheres to these rules pursuant to the "Investment Policy and Guidelines".

While the amortized cost method provides certainty of valuation, it may result in periods during which values as determined by amortized cost are higher or lower than the price the LGIP would receive if the individual securities were sold. To monitor the extent of any fluctuation, the LGIP portfolio is marked-to-market on a weekly basis by an external pricing service and the market-based valuation is compared to the amortized cost valuation in accordance with procedures outlined in the "STRESS TESTING" section. LGIP portfolio valuation oversight is also provided by S&P surveillance reporting on a weekly basis. The Treasury Board reviews the LGIP investment portfolio and performance on a monthly basis. If the LGIP's current market-based net asset value per share should deviate from its amortized cost price per share by an amount exceeding one-half of one percent, the State Treasurer, Chair of the Treasury Board, shall assess the situation and determine what action, if any, is in the best interests of the LGIP portfolio and its participants.

AUTHORIZED INVESTMENTS

Authorized investments for public funds are set forth in the Investment of Public Funds Act of the *Code of Virginia* Sections 2.2-4500, et seq. Within the permitted statutory framework, the Treasury Board limits the investment of LGIP assets to the following categories of securities, subject to internally prescribed credit quality limitations.

The LGIP is empowered by statute and Treasury Board approved investment policy and guidelines to invest in the following types of securities:

1. Obligations issued or guaranteed by the U.S. government, an agency thereof, or U.S. GSE. These securities can be held directly, in the form of repurchase agreements collateralized by such debt securities, and in the form of a registered money market or mutual fund provided that the portfolio of the fund is limited to such evidences of indebtedness.
2. Repurchase agreements collateralized by obligations issued or guaranteed by the U.S. government, an agency thereof, or GSE, or supra-sovereign issuers as permitted by the *Code of Virginia*. The collateral on overnight repurchase agreements is required to be at least 100% of the value of the

repurchase agreement. Longer term repurchase agreements are required to have collateralization in excess of 100% and/or be marked to market on a daily basis.

3. Negotiable certificates of deposit, negotiable bank deposit notes, and banker's acceptances. Such securities are limited to domestic banks and domestic offices of foreign banks.
4. Commercial paper issued by domestic corporations.
5. Corporate notes.
6. Municipal obligations issued by state and local governments, their agencies and instrumentalities as permitted by the *Code of Virginia*.
7. Dollar denominated obligations of sovereign governments and companies that are fully guaranteed by such sovereign governments.
8. Obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development "IBRD" (World Bank).

CREDIT QUALITY

The LGIP will in all cases place emphasis on securities of high credit quality and marketability. Holdings are subject to the following credit quality limitations at time of purchase:

1. Repurchase agreements transacted with counterparties with a minimum credit rating of A-1 by S&P.
2. Negotiable certificates of deposit, negotiable bank notes, and banker's acceptances of domestic banks and domestic offices of foreign banks rated at least A-1 by S&P and P-1 by Moody's.
3. Commercial paper notes of domestic corporations rated at least A-1 by S&P and P-1 by Moody's.
4. Corporate securities must be rated at least AA by S&P and Aa by Moody's or short-term ratings of A-1 by S&P and P-1 by Moody's.
5. Municipal obligations issued by state and local governments, their agencies and instrumentalities. Minimum rating requirements are AA by S&P and Aa by Moody's or short-term ratings of SP-1/A-1 by S&P and MIG 1/VMIG 1 by Moody's.
6. Dollar denominated obligations of sovereign governments and companies that are fully guaranteed by such sovereign governments must be rated at least AAA by S&P and Aaa by Moody's Investor Service.

DIVERSIFICATION

The LGIP portfolio will diversify its investments by security type and by issuer consistent with the following guidelines. Further internal limitations may be imposed relative to in-house credit quality criteria and market circumstances. Holdings are subject to the following diversification limitations at the time of purchase:

1. Issuer Concentration: The portfolio will be diversified with not more than four percent of the value of the LGIP assets invested in the securities of any single issuer. This limitation shall not apply to securities of the U.S. Government, agency thereof, GSE, or sovereign government.
2. Security Type: The maximum percentage of the portfolio permitted in each eligible asset category is as follows:
 - U.S. Treasury, Agency, and/or GSE Securities 100% maximum
 - Repurchase Agreements..... 50% maximum
 - Single Dealer limits
 - A-1+ counterparty 50% maximum (of portfolio assets)

- A-1 counterparty 25% maximum (of portfolio assets)
- Banker's Acceptances, Negotiable Certificates of Deposit and/or Negotiable Bank Deposit Notes.....40% maximum
- Commercial Paper.....35% maximum
- Corporate Notes25% maximum
- Municipal Obligations.....10% maximum
- Obligations of Sovereign Governments.....10% maximum
- IBRD (World Bank).....5% maximum

MATURITY LIMITATIONS

1. The maximum dollar-weighted average portfolio maturity (WAM) is 60 days.
2. The maximum dollar-weighted average portfolio life (WAL) is 120 days.
3. The maximum final maturity per fixed-rate investment and non-sovereign government floating-rate investment is 13 months (397 days).
4. The maximum final maturity per sovereign government (including sovereign government related/guaranteed) floating-rate security is two years (762 days).

LIQUIDITY REQUIREMENTS

1. Daily Liquid Assets – 10% minimum
2. Weekly Liquid Assets – 30% minimum
3. Illiquid Securities – Limited to 5 percent of total assets. Defined as a security that cannot be sold or disposed of within 7 calendar days at approximately the carrying value.

INVESTMENT RISKS

The LGIP portfolio is subject to the following investment risks. Virginia Treasury staff seeks to minimize these risks to the portfolio through the portfolio's high credit quality, short weighted average maturity, and adherence to S&P requirements for an 'AAAm'-rated fund.

- Interest Rate Risk is the risk that when interest rates rise substantially a bond's price will fall.
- Reinvestment Risk is the risk that interest rates decline and reinvestment of interest or principal payments occur at lower yields.
- Credit Risk is the risk that an issuer of a bond will fail to repay interest or principal in a timely manner.
- Call Risk is the risk that the issuer of a callable bond will exercise its option to repurchase the bond when interest rates decline.
- Liquidity Risk is the risk that a bond cannot be sold at its carrying value within a week.

LGIP OPERATING RESERVE

The LGIP Operating Reserve (Reserve) was established by the Treasury Board on June 17, 2015. The purpose of the Reserve is for the Treasury Board to have a resource to financially support the LGIP when the State Treasurer determines it is in the best interest of the participants to do so. The Treasury Board delegates the decision to use the Reserve to the State Treasurer, subject to Treasury Board guidelines. The Reserve will be funded by annual contributions from the LGIP portfolio fee income after payment of annual operating expenses. The Reserve is authorized to accrue over time to 0.5% of the LGIP NAV.

STRESS TESTING

The LGIP portfolio will conduct weekly stress testing to examine its ability to maintain a stable NAV in the event of certain hypothetical individual or concurrent external shocks such as increases in short-term interest rates, increases in shareholder redemptions, downgrades or defaults of portfolio securities, or widening or narrowing of spreads of portfolio securities relative to their benchmarks. Compliance with the stress testing criteria will be reported to the Treasury Board at their next regularly scheduled meeting or before if deemed appropriate.

SHADOW PRICE

A Shadow Price for the LGIP is calculated weekly to determine the NAV per share calculated using the market value of all investments +/- net receivables/payables divided by the number of shares. The Shadow Price provides evidence that investments measured at amortized cost are not significantly different from fair value. Should the Shadow Price deviate by more than one half of one percent from the NAV the State Treasurer shall assess the situation and determine what action, if any, is in the best interest of the LGIP portfolio and its participants.

PROHIBITED INVESTMENTS OR ACTIONS

1. CMOs, inverse floaters, IOs, POs, and Z-tranche securities, etc.
2. Futures, options, options on futures, margin buying, leveraging, and commodities.
(Forward trades are permitted as long as they are procured during normal "when issued" periods for individual markets and as long as cash is reserved or a security will mature to cover the purchase.)

REPORTING

On a monthly basis the LGIP will report to the Treasury Board summary investment and performance information, stress test compliance, and provide a copy of the LGIP investment portfolio at current market value. Additional information will be provided, if deemed appropriate or if requested. The LGIP portfolio Investment Policy and Guidelines will be reviewed annually by the Virginia Treasury Investment Staff and amendments presented to the Treasury Board, as required or appropriate.

LGIP PORTFOLIO YIELD AND PERFORMANCE

YIELD

On a daily basis the LGIP calculates and posts on Treasury's website the 1-day and 7-day yield. Yields are quoted net of the four basis point management and administration fee.

The "1-Day Yield" refers to the income generated by your investment on that day expressed as an annual percentage. Both the 7-Day Yield and the Average Monthly Yield reflect the same methodology averaged over the applicable period.

The "Effective Yield" assumes that the income earned is reinvested on a monthly basis. It may be slightly higher due to the effect of compounding.

PERFORMANCE

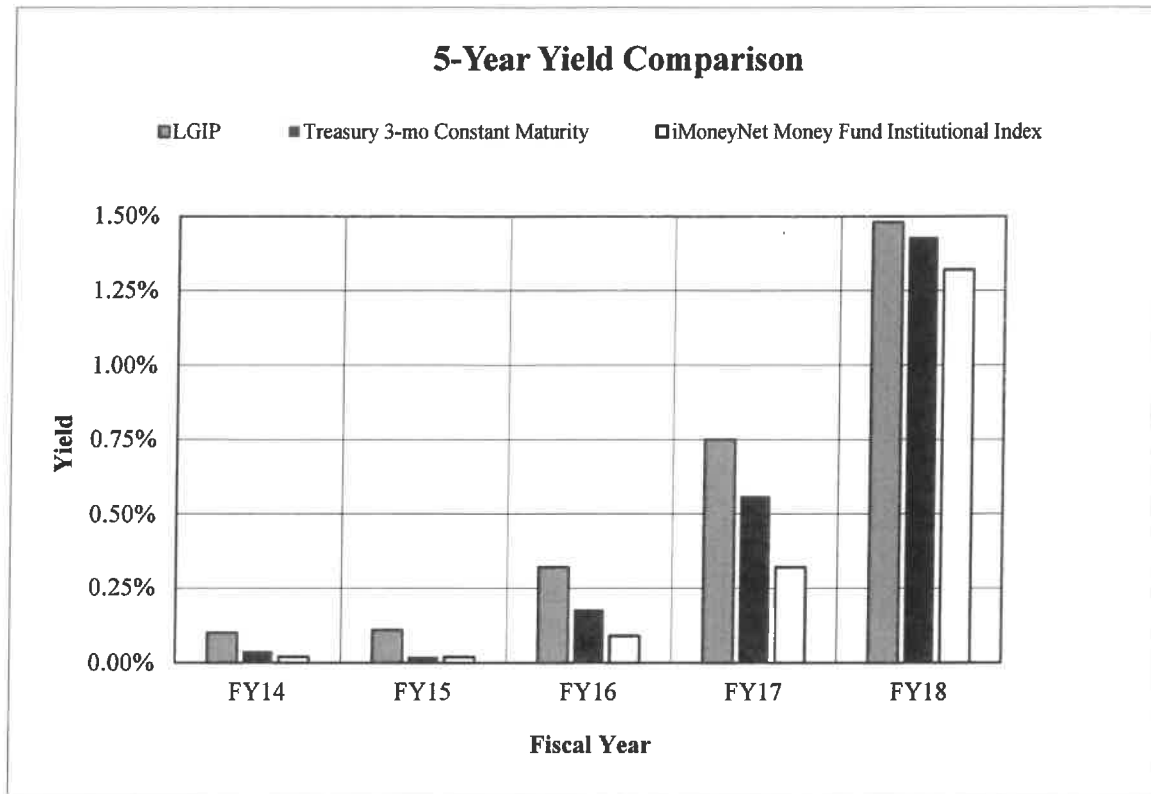
The LGIP is benchmarked against the Treasury 3-month Constant Maturity and the iMoneyNet Institutional Index. Since inception, the LGIP has consistently achieved its investment objective of providing investors with a high level of current investment income consistent with the constraints of its primary objective of preservation of principal. The following summary provides a 5-year yield comparison to the Treasury 3-month Constant Maturity benchmark and taxable institutional money market funds reporting to iMoneyNet, Inc. These are two widely accepted benchmarks used for money market fund comparisons.

5-YEAR AVERAGE ANNUALIZED YIELD COMPARISONS

| <u>Fiscal Year</u> | <u>LGIP (Net of Fees)</u> | <u>Treasury 3-Month Constant Maturity¹</u> | <u>iMoneyNet Money Fund MonitorTM Institutional Index²</u> |
|------------------------|-------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------|
| 2018 | 1.48% | 1.43% | 1.32% |
| 2017 | 0.75% | 0.56% | 0.32% |
| 2016 | 0.32% | 0.18% | 0.09% |
| 2015 | 0.11% | 0.02% | 0.02% |
| 2014 | 0.10% | 0.04% | 0.02% |
| 5-Year Average | 0.55% | 0.45% | 0.35% |

¹Federal Reserve Statistical Release H.15.

²Average monthly "Total Institutions—Only Average" Yields reported by iMoneyNet, Inc.



LGIP PARTICIPANT INFORMATION

CONTACT INFORMATION

Telephone Virginia Treasury LGIP staff:
(800) 643-7800 toll free in Virginia
(804) 786-1156
(804) 225-3166
Fax: (804) 225-3478

Web:
<https://www.trs.virginia.gov/cash/lqip.aspx>

Mailing Address:
LGIP
c/o Department of the Treasury
Cash Management & Investments
P.O. Box 1879
Richmond, VA 23218-1879

Street Address:
101 North 14th Street, 3rd Floor
Richmond, VA 23219

OPENING AN ACCOUNT

Shares of the LGIP investment portfolio are offered on a continuous basis to public entities of the Commonwealth of Virginia. Requests can be accepted until 10:00 a.m. on the date of purchase or redemption. An account can be opened with an initial investment of \$1,000. Subsequent purchases or redemptions can be made in any amount. A public unit can open as many accounts as needed to simplify record keeping. A properly completed application indicating all individuals authorized to transact for the account must be received for each account before a purchase or redemption can be honored.

PURCHASE OR REDEMPTION OF SHARES

Virginia Treasury staff must be notified of requests for purchase (BUY) or redemption (SELL) of shares prior to **10:00 a.m.** on the date of a purchase or redemption. **Notification can be provided to Virginia Treasury staff online via the FMS or via telephone.** Prior notification for large transactions is helpful.

• **How to Invest in the LGIP (BUY)**

Purchase requests are accepted up to 10:00 a.m. on the date of investment. Notify Virginia Treasury staff by either creating a **BUY** transaction in the online FMS system or by calling Virginia Treasury staff. Purchase requests received after 10:00 a.m. will be processed the following business day. Funds should be sent to the LGIP by one of the following methods:

1. **By Wire:** Instruct your bank to wire federal funds in the amount of your investment to:
Bank of America
ABA #026009593
Account Name: LGIP
Account #000002236801
FBO: Your Account Name and/or
LGIP Fund Number

Investments are made on the assumption that the funds will be received as scheduled and your LGIP account will be automatically credited without waiting for the actual receipt of

the funds. If unavoidable circumstances prevent the transfer of funds, it will be necessary for the LGIP to deduct the interest accrued for that date from the account's monthly dividend distribution. In the event this is necessary the participant will be contacted to discuss the circumstances and a follow up letter outlining the details will be provided.

2. **By Check:** Checks drawn on your bank account should be made payable to LGIP and mailed as follows. Third party checks are not permitted.

ATTN: PROCESS IMMEDIATELY
LGIP
C/O Department of the Treasury
Cash Management and Investments, 3rd Floor
P. O. Box 1879
Richmond, Virginia 23218-1879

Please be aware that investment by check will delay credit to your account and the anticipated loss in earnings should be compared with the cost of a wire transfer.

3. **Direct Deposit:** Arrangements can be made for EDI transfers of funds from the State to be directly invested into your LGIP account. Your account will be automatically credited on the transfer date and the normal telephone advice to the LGIP is not required. Additional information regarding such investments may be obtained by calling the LGIP or by visiting the DOA online at www.doa.virginia.gov/.

- **How to Redeem an LGIP Investment (SELL)**

Redemptions can be made on any banking day. There are **no redemption fees or withdrawal penalties**; however, the LGIP must have a properly executed LGIP application on file before a redemption can be honored. All redemptions are executed by wire transfer. Redemption requests will be honored in accordance with the instructions provided on the official LGIP application form. All bank accounts must be registered in the name of the public entity. Third party transactions are not permitted. Please call our office if you have any questions regarding this policy.

Redemption requests are accepted up to 10:00 a.m. for same day funds. They can be made by either creating a **SELL** transaction in the online FMS or by calling Virginia Treasury staff. Redemption requests received after 10:00 a.m. will be processed the following business day.

- **Transfers Between Accounts** – Interfund transfers between LGIP accounts may be arranged and are subject to the purchase and redemption requirements stated above. Contact the Virginia Treasury staff or create an Interfund Transaction in the online FMS to request a transfer between accounts.
- **Closing an Account** – Participants should contact Virginia Treasury staff for assistance in closing an account.

TRANSACTION SIZE

An account may be opened with an initial investment of \$1,000. Subsequent transactions are not restricted in size. Participants are encouraged to consider the cost effectiveness of small transfers.

WEB-BASED SYSTEMS

- **FUNDS MANAGEMENT SYSTEM (FMS)**

Through Treasury's online (24/7) transaction entry system FMS, participants can enter transactions (Buys, Sells, Interfund) for the LGIP accounts that you currently maintain. This system offers an alternative to contacting Virginia Treasury staff to initiate transfer requests by phone or fax. All authorized Participants will automatically be set-up for online access.

- **FANWEB**

Participant account balances, transaction history, and statements can be viewed online 24/7 using FANWEB. The FANWEB online access link is available on the LGIP page of Treasury's website. Contact Virginia Treasury staff to establish a User ID and Password.

CHANGE OF AUTHORIZATION

The LGIP application permits the "Primary Authorized Public Official" to delegate authority to other individuals to act on their behalf in communicating transaction information to the LGIP. **If there is a change in the status of any of the authorized individuals, it is the responsibility of the "Primary Authorized Public Official" to immediately notify Virginia Treasury staff.** Maintaining up-to-date records prevents possible delays in transfers and ensures the integrity of the program.

DIVIDENDS AND DISTRIBUTIONS

Net investment income is declared daily as a dividend to each participant account. Daily dividends are accrued throughout the month and automatically reinvested in additional shares at month end.

MONTHLY STATEMENTS

Statements are scheduled to be mailed by the 5th business day of each month and are also available 24/7 on FANWEB. Participants have the option to consolidate accounts on one statement or receive individual statements. Statements contain the following information:

- *Investor Information* provides the:
 - *Average Monthly Yield* is an arithmetic average of the "Daily Yields" for the period.
 - *Effective Monthly Yield* assumes reinvestment of the monthly dividend at the current "Average Monthly Yield." It is slightly higher due to the effect of monthly compounding.
- *Portfolio Summary* lists all individual accounts and balances as of the statement date.
- *Account Transactions* lists individual transactions during the month and the accompanying daily account balances in date order.
- *Account Earnings Summary* is the month-to-date summary of all dividends by account.

NEWSLETTER

The LGIP strives to provide ongoing communication between LGIP management and participants to assist them in evaluating their investment decisions and to keep participants abreast of information relative to the operation of the LGIP. To enhance communication a quarterly newsletter is emailed to participants and posted on the web, summarizing investment guideline compliance, performance, and providing a discussion of current issues relating to the management of public funds in general and the LGIP. In addition, a copy of the LGIP investment portfolio at market value and original cost is furnished quarterly and at any other time upon request.

WEB POSTINGS

Please visit the LGIP section of the Department of the Treasury web page at www.trs.virginia.gov/cash/lqip.aspx to access yield information, portfolio holdings, the quarterly newsletter, interactive forms, rating agency documents, and financial statements. This page can also be accessed by visiting Treasury's home page at www.trs.virginia.gov, scrolling down and selecting the LGIP icon.

INVESTMENT PERSONNEL

Neil E. Boege is the Chief Investment Officer. Neil joined the Cash Management and Investments group in July 2013 and manages the Treasury investment programs, and is responsible for the daily operations of the division. He previously worked in the Markets Group at the Federal Reserve Bank of New York as a Senior Trader/Analyst executing the Federal Reserve's various open market operations and was responsible for market monitoring, primarily short-dated Treasuries. Neil holds a Master of Science degree in Finance from Boston College, a Master of Arts degree in International Studies from Johns Hopkins SAIS, and a Bachelor of Arts degree in Economics from the University of Rochester.

Judith P. Milliron is the Senior Investment Analyst. She is responsible for the management of the day-to-day relationship between Treasury and external vendors for investment related programs, reporting and compliance, and assisting the portfolio managers in the daily investment process. Ms. Milliron has been with the Department of Treasury since 1988 spending most of her time in the Investment Division. She earned a Bachelor of Arts degree in Political Science from Virginia Commonwealth University.

John F. Ockerman is an Investment Officer. He helps with the Treasury investment programs and daily operations of the division. He previously worked as the group's credit analyst. Prior to joining Virginia Treasury, John worked as an Equity Research Analyst at Davenport & Company LLC and is a Chartered Financial Analyst. He earned his Bachelor of Business Administration degree from The College of William and Mary.

Stacey J. Piercy is the LGIP Client Service Analyst. She is responsible for the shareholder side of the LGIP. Prior to joining Treasury, Stacey had been with Bank of America for more than a decade most recently as the Assistant Vice President, Operations Team Lead. She also held positions as Operations Manager and Officer, Research and Adjustments Representative. Stacey has a Bachelor of Science degree in Business from Norfolk State University.

David L. Back is the Credit Analyst. He is responsible for maintaining and monitoring the department's independent credit ratings for all credit obligations in or eligible for inclusion in the Treasury investment programs. He previously worked as a Research Analyst at The College of William and Mary and as an Officer at Wells Fargo Advisors. He is a Chartered Financial Analyst and holds a Master of Business Administration degree from The College of William and Mary and a Bachelor of Science degree in Finance from Christopher Newport University.

DIRECTORY and CONTACT INFORMATION

ADMINISTRATION

Manju S. Ganeriwala, State Treasurer

Members of the Treasury Board:

Manju S. Ganeriwala, State Treasurer, Chair
Neil P. Amin, Citizen Member
Craig M. Burns, State Tax Commissioner
James P. Carney, Citizen Member
Douglas W. Densmore, Citizen Member
Lou R. Mejia, Citizen Member
David A. Von Moll, CPA, State Comptroller

CASH MANAGEMENT AND INVESTMENTS

Neil E. Boege, Chief Investment Officer
Judith P. Milliron, Senior Investment Analyst
John F. Ockerman, CFA, Investment Officer
Stacey J. Piercy, Client Service Analyst
David L. Back, CFA, Credit Analyst

CONTACT INFORMATION:

Street Address: Commonwealth of Virginia
Department of the Treasury
James Monroe Building
101 North 14th Street, 3rd Floor
Richmond, Virginia 23219

Mailing Address: P. O. Box 1879
Richmond, Virginia 23218-1879

Telephone Numbers: (800) 643-7800 toll free in Virginia
(804) 786-1156
(804) 225-3166

Facsimile Number: (804) 225-3478

Application Form
LOCAL GOVERNMENT INVESTMENT POOL PROGRAM
LGIP and LGIP EM PORTFOLIOS

Commonwealth of Virginia
 Department of the Treasury
 P. O. Box 1879

Richmond, VA 23218-1879

Local (804) 786-1156 or (800) 643-7800 toll free in Virginia

Fax (804) 225-3478

For Internal Use Only
 Dealer ID: _____

☐ New Account ☐ Account Change

Date _____

☐ LGIP ☐ LGIP EM

Public Entity Name _____

Account Name _____

Mailing Address _____

Telephone Number _____ Tax Identification Number _____

Fax Number _____ E-mail Address _____

Do you wish to consolidate your account statements? Yes _____ No _____

I, _____ of _____
 Name & Title of Primary Authorized Public Official (Type or Print)

am the duly authorized public official charged with the duty of handling public funds for the aforementioned public entity. Pursuant to such authority, I am authorized to delegate and have delegated to the following person(s) the authority to communicate with the State Treasurer's office. Each individual listed below, including myself, will be authorized to; (i) act on behalf of the public entity in connection with pool transactions, (ii) obtain account information, and (iii) establish secure online access to the public entity's account(s).

| | | | | |
|----|---------------------------|-------|---------------|---------|
| 1. | _____ | _____ | _____ | _____ |
| | Name of Authorized Caller | Title | Email Address | Phone # |
| 2. | _____ | _____ | _____ | _____ |
| | Name of Authorized Caller | Title | Email Address | Phone # |
| 3. | _____ | _____ | _____ | _____ |
| | Name of Authorized Caller | Title | Email Address | Phone # |
| 4. | _____ | _____ | _____ | _____ |
| | Name of Authorized Caller | Title | Email Address | Phone # |

The State Treasurer's office is hereby authorized to act upon purchase or redemption requests for the public entity's account(s) upon receipt of instructions by phone, fax or FMS from any of the above named individual(s), who will identify themselves by name, public entity, and assigned account identification number. Such individual(s) is authorized to act for this public entity until their authority is revoked by written notice to the State Treasurer's office, which notice will be effective upon receipt.

Additional individuals only authorized to obtain the public entity's balances and interest information.

1. _____ 2. _____

Print Name, Title and Email Address

Print Name, Title and Email Address

WITHDRAWAL WIRE TRANSFER INSTRUCTIONS:

I hereby authorize the Virginia Treasury staff to act upon instructions received by an authorized caller to pay amounts representing redemptions from my LGIP and/or LGIP EM account(s) and wire funds to the bank account(s) designated below. All bank accounts must be registered in the name of the public entity. Third party transactions are not permitted.

You must include a voided check or preprinted deposit slip.

1. Name of Bank _____ Bank Telephone Number _____
 ABA # _____ Account Number _____
 Account Name _____
 Bank Address _____

Tape your voided check or preprinted deposit slip here.

| | |
|---------------------|-----------------|
| Any Locality | 654 |
| 123 Any Street | |
| Anywhere, VA 45678 | |
| PAY TO THE ORDER OF | |
| | \$ _____ |
| | DOLLARS |
| MEMO | |
| 123456789 | 123456789876543 |
| | 654 |

2. Name of Bank _____ Bank Telephone Number _____
 ABA # _____ Account Number _____
 Account Name _____
 Bank Address _____

Tape your voided check or preprinted deposit slip here.

| | |
|---------------------|-----------------|
| Any Locality | 654 |
| 123 Any Street | |
| Anywhere, VA 45678 | |
| PAY TO THE ORDER OF | |
| | \$ _____ |
| | DOLLARS |
| MEMO | |
| 123456789 | 123456789876543 |
| | 654 |

3. Name of Bank _____ Bank Telephone Number _____
ABA # _____ Account Number _____
Account Name _____
Bank Address _____

Tape your voided check or preprinted deposit slip here.

| | | |
|---------------------|-----------------|----------|
| Any Locality | | 654 |
| 123 Any Street | | |
| Anywhere, VA 45678 | | |
| PAY TO THE ORDER OF | | |
| _____ | | \$ _____ |
| _____ | | DOLLARS |
| MEMO | | |
| 123456789 | 123456789876543 | 654 |

Signature of Primary Authorized Public Official

- The undersigned represents and warrants that he/she has the full power and authority to invest in the LGIP and/or the LGIP EM and to make investments on behalf of the above named public entity.
- I hereby request that the LGIP and/or the LGIP EM establish an account or accounts for the investment and reinvestment of the public entity's funds in accordance with the Investment Circular and agree to be bound by the terms therein as may be supplemented and amended.
- I hereby authorize the LGIP and/or the LGIP EM to act on instructions received from those authorized in this application.
- The undersigned agrees that the certifications, instructions and authorizations contained in this application will remain in effect until the LGIP and/or the LGIP EM receives written notification of change.

Signature of Primary Authorized Public Official

Date

Print Name and Title

- **Status Report: Ongoing Projects/Operations/Financials/I&I/Leachate**

Following are status reports concerning the Ongoing Project, Operations, Financials, Inflow and Infiltration, and Leachate for the SCWWA.



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

MEMORANDUM

TO: SOUTH CENTRAL WASTEWATER AUTHORITY BOARD OF DIRECTORS

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

SUBJECT: STATUS REPORT – ON-GOING PROJECTS

DATE: MARCH 21, 2019

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

Wastewater Treatment Plant Improvements, Phase 2

- Wet weather continues to hinder installation of grout in the bottom of the clarifier.

Warehouse Project

- The concrete slab was poured in December, 2018.
- Sitework including stormwater piping and electrical conduit have been installed.
- Building material has arrived at the site and construction is underway.

Plug Valve Installation

- A valve failure on the Petersburg force main near the meter at the main gate has been recently replaced with a new plug valve.

Solids Handling Project

- Technical Manual preparation is ongoing for the solids handling project. We anticipate a draft report in April, 2019.



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Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

MEMORANDUM

TO: SOUTH CENTRAL WASTEWATER AUTHORITY BOARD OF DIRECTORS

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

SUBJECT: OPERATING & FINANCIAL STATUS REPORT

DATE: MARCH 21, 2019

Operating Status Report:

General:

- The next scheduled Board of Directors meeting is May 16, 2019 at the Appomattox River Water Authority at 2:00 pm.
- The 24" valve replacement on the Main Line from Petersburg' Main Pump Station was completed on 3/5/2019. Staff will pay for this emergency repair out of the Equipment Replacement and Reserve Fund (ERRF) with no impact to the current FY18/19 or proposed FY19/20 budgets.
- The Administration floor and front door are scheduled for replacement and Purchase Orders have been issued.
- SARA Title III Tier 2 reporting has been completed and submitted.

Status of Nutrient Waste-load

- Total Phosphorus (TP)
 - Waste-load allocation Total Phosphorus: 28,404 lbs. on a calendar basis.
 - Total actual waste-load through February 2019 was 3,245 lbs. (Proportionally, the SCWWA was 1,489 lbs. of TP under our waste-load allocation for this time of year)
- Total Nitrogen (TN)
 - Waste-load allocation Total Nitrogen: 350,239 lbs. on a calendar basis
 - Total actual waste-load through February 2019 was 72,870 lbs. (Proportionally, the SCWWA was 14,497 lbs. of TN over our waste-load allocation for this time of year.)
 - Note: The SCWWA is locked-in to purchasing 169,623 credits for 2019.

Operations:

- Plant effluent met all discharge permit requirements for January and February 2019. Copies of the discharge monitoring reports (DMR's) for the VPDES permit and the general permit are available.
- Staff continues to communicate with NutriBlend to remove biosolids. Wet weather has complicated land application of biosolids.

Maintenance:

- Plant staff are pouring concrete at clarifiers to replace walkways removed during NPW line installation.
- Planning and preparation ongoing for the installation of actuators on the primary gates.

- Updating electrical in the alum feed room for the new alum feed pumps. Testing shows a ground and neutral issue.

Instrumentation

- Troubleshooting and repairing solids/lime mixers and conveyors. The old variable frequency drive (VFD) is out for inspection and a new VFD is on order for the mixer.
- Caustic PLC and Programming is under development.
- Working with maintenance to install new flow meters and variable frequency drives for the new alum pumps.

Laboratory

- Whole Effluent Toxicity Testing was performed on the SCWWA effluent in January. The effluent passed with no issues.
- The Industrial Pretreatment Programs Local Limit evaluation performed by Hazen and Sawyer was submitted and approved by DEQ. There are no significant changes to the local limits.

Financial Status Report:

Following is the Executive Summary of the Monthly Financial Statement that includes the YTD Budget Performance and the Financial Statement for February 2019.

South Central Wastewater Authority
For Month Ending February 28, 2019

Assets

Current Assets

| | |
|--------------------------------|---------------------|
| Petty Cash | \$ 250 |
| Wells Fargo Operating Account | \$ 3,144,669 |
| Total Unrestricted Cash | \$ 3,144,919 |

| | |
|-----------------------------------------|---------------------|
| Wells Fargo Reserve | \$ 3,916,414 |
| Wells Fargo Capital Improvement Reserve | \$ 2,691,692 |
| ERRF | \$ 2,905,841 |
| Total Restricted Cash | \$ 9,513,948 |

Total Checking/Savings **\$ 12,658,867**

| | |
|------------------------------------|------------|
| Accounts Receivable | \$ 439,782 |
| Long Term Receivable (Petgs/Legal) | \$ - |

Total Current Assets **\$ 13,098,649**

Fixed Assets

| | |
|---------------------------|----------------------|
| Sewer System Plant | \$ 33,609,033 |
| Equipment & Vehicles | \$ 3,037,357 |
| Plant Machinery | \$ 7,920,877 |
| Construction in Progress | \$ 2,512,232 |
| Land | \$ 92,968 |
| Accumulated Depreciation | \$ (28,490,891) |
| Total Fixed Assets | \$ 18,681,576 |

Other Assets

| | |
|---------------------------------|-------------------|
| Inventory | \$ 664,334 |
| Def Out Res-Post ER Pension Con | \$ 119,474 |
| Deferred Outflows-GLI OPEB | \$ 9,059 |
| Total Other Assets | \$ 792,867 |

Total Assets **\$ 32,573,092**

Liabilities & Equity

Current Liabilities

| | |
|----------------------------------|------------------|
| Accounts Payable | \$ 27,393 |
| Total Current Liabilities | \$ 27,393 |

Other Current Liabilities

| | |
|----------------------------------------|-------------------|
| Payroll Accruals | \$ 223,256 |
| Retainage Payable | \$ - |
| Suspense-Clearing Account | \$ 411,333 |
| Refunds Due Member Localities | \$ - |
| Total Other Current Liabilities | \$ 634,590 |

Long Term Liabilities

| | |
|------------------------------------|-------------------|
| Net OPEB Obligation | \$ 134,609 |
| Net OPEB Liability-GLI | \$ 132,000 |
| Def Infl-OPEB-Chg of Assumption | \$ 5,512 |
| Deferred Inflows-GLI OPEB | \$ 15,000 |
| Def Inf Res-Net Dif Pension Inv | \$ 166,457 |
| Def Inf Res-Pens Chg Assumption | \$ 76,200 |
| Def Inf Res-Pens Dif Proj/Act E | \$ 61,277 |
| Net Pension Liability | \$ 105,031 |
| Total Long-Term Liabilities | \$ 696,086 |

Total Liabilities **\$ 1,358,068**

Equity

| | |
|------------------------------------|---------------|
| Retained Earnings | \$ 15,442,788 |
| Initial Locality Contribution Cap. | \$ 14,166,822 |

| | |
|---------------------|----------------------|
| Net Income | \$ 1,605,414 |
| Total Equity | \$ 31,215,024 |

Total Liabilities & Equity **\$ 32,573,092**

South Central Wastewater Authority
YTD Income Statement for the period ending February 28, 2019

Wastewater Rate Center

Revenues and Expenses Summary

Operating Budget vs. Actual

Revenues

| | <i>Budget</i> <i>FY 18/19</i> | <i>Budget</i> <i>Year-to-Date</i> | <i>Actual</i> <i>Year-to-Date</i> | <i>YTD Budget</i> <i>vs. Actual</i> | <i>Variance</i> <i>Percentage</i> |
|---------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
| Septage/Misc Revenue | \$ - | \$ - | \$ 702,076 | \$ 702,076 | #DIV/0! |
| O&M Revenue | \$ 8,199,100 | \$ 5,466,067 | \$ 5,466,067 | \$ - | 0.00% |
| Reserve Policy | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| ER&RF Revenue | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Total Operating Revenues | \$ 8,199,100 | \$ 5,466,067 | \$ 6,168,143 | \$ 702,076 | 12.84% |

Expenses

| | | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| Personnel Cost | \$ 2,700,000 | \$ 1,801,167 | \$ 1,788,225 | \$ (12,941) | -0.72% |
| Contractual/Professional Services | \$ 350,000 | \$ 260,125 | \$ 198,689 | \$ (61,436) | -23.62% |
| Utilities | \$ 462,500 | \$ 308,333 | \$ 305,470 | \$ (2,864) | -0.93% |
| Communication/Postage/Freight | \$ 31,500 | \$ 21,000 | \$ 17,636 | \$ (3,364) | -16.02% |
| Office/Lab/Purification Supplies | \$ 74,000 | \$ 50,242 | \$ 39,153 | \$ (11,090) | -22.07% |
| Insurance | \$ 65,000 | \$ 43,333 | \$ 64,055 | \$ 20,722 | 47.82% |
| Lease/Rental Equipment | \$ 11,000 | \$ 7,333 | \$ 7,240 | \$ (93) | -1.27% |
| Travel/Training/Dues | \$ 61,100 | \$ 51,091 | \$ 36,823 | \$ (14,267) | -27.93% |
| Safety/Uniforms | \$ 44,500 | \$ 29,667 | \$ 19,100 | \$ (10,566) | -35.62% |
| Chemicals/Sludge Disposal | \$ 910,000 | \$ 606,667 | \$ 507,324 | \$ (99,343) | -16.38% |
| Repair/Maintenance Parts & Supplies | \$ 501,500 | \$ 337,546 | \$ 203,155 | \$ (134,390) | -39.81% |
| Total Operating Expenses | \$ 5,211,100 | \$ 3,516,504 | \$ 3,186,870 | \$ (329,634) | -9.37% |
| Operating Suplus/(Deficit) | \$ 2,988,000 | \$ 1,949,562 | \$ 2,981,272 | \$ 1,031,710 | 52.92% |

Replacement Outlay Budget vs. Actual

| | | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| Machinery & Equipment | \$ 210,000 | \$ 140,000 | \$ 128,566 | \$ (11,434) | -8.17% |
| Instrumentation | \$ 80,000 | \$ 53,333 | \$ 8,250 | \$ (45,083) | -84.53% |
| SCADA | \$ 15,000 | \$ 10,000 | \$ - | \$ (10,000) | -100.00% |
| Computer Equipment | \$ 15,000 | \$ 10,000 | \$ - | \$ (10,000) | -100.00% |
| Motor Vehicles | \$ 6,000 | \$ 4,000 | \$ 6,326 | \$ 2,326 | 58.15% |
| Construction | \$ 295,000 | \$ 196,667 | \$ 823,246 | \$ 626,580 | 318.60% |
| Special Studies | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Total Replacement Outlay | \$ 621,000 | \$ 414,000 | \$ 966,389 | \$ 552,389 | 133.43% |

Other Income/Expense Budget vs. Actual

| | | | | | |
|-------------------------------------|------------|------------|------------|----------|---------|
| Nutrient Credit Purchases (Expense) | \$ 617,000 | \$ 411,333 | \$ 411,333 | \$ (0) | 0.00% |
| Nutrient Reduction | \$ - | \$ - | \$ 1,030 | \$ 1,030 | #DIV/0! |
| Interest-Income | \$ - | \$ - | \$ 834 | \$ 834 | #DIV/0! |



900 Magazine Rd.
Petersburg, VA 23803
Office: (804) 861-0111
Fax: (804) 861-3254

MEMORANDUM

TO: SOUTH CENTRAL WASTEWATER AUTHORITY BOARD OF DIRECTORS

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

SUBJECT: INFLOW AND INFILTRATION

DATE: March 21, 2019

January and February 2019 continued the trend of higher than normal precipitation. Flows in January and February were higher than normal due to the wet weather. As shown below, the Average, Minimum, and Maximum flows for February are all at or near the highest numbers for the past seven years.

| Month | Rainfall (inches) | Average Flow (mgd) |
|----------------|----------------------|-----------------------|
| February 2018 | 2.64 | 13.606 |
| March 2018 | 2.94 | 12.093 |
| April 2018 | 4.73 | 11.974 |
| May 2018 | 8.46 | 15.221 |
| June 2018 | 6.28 | 14.629 |
| July 2018 | 9.44 | 12.785 |
| August 2018 | 4.53 | 12.973 |
| September 2018 | 4.43 | 11.572 |
| October 2018 | 6.05 | 14.568 |
| November 2018 | 5.7 | 20.758 |
| December 2018 | 3.21 | 18.440 |
| January 2019 | 3.27 | 17.865 |
| February 2019 | 4.57 | 19.594 |

PRIMARY FLOW DATA

| February | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Minimum (mgd) | 13.940 | 10.568 | 9.798 | 14.561 | 10.142 | 12.318 | 11.952 |
| Maximum (mgd) | 38.259 | 16.815 | 12.545 | 33.093 | 17.677 | 24.431 | 22.443 |
| Average (mgd) | 19.594 | 13.606 | 10.873 | 20.289 | 12.858 | 15.361 | 14.341 |
| Rainfall (inches) | 4.57 | 2.64 | 1.03 | 5.31 | 2.59 | 3.11 | 2.89 |

South Central Wastewater Authority
Leachate Truck Log

| | |
|--------------------------------------------------|----|
| Current Max # of WM Trucks Allowed per agreement | 16 |
|--------------------------------------------------|----|

| Date | Origination Site | | Total Combined Trucks per day |
|--------------|------------------|---------------------|-------------------------------|
| | # from Amelia | # from Charles City | |
| 1/1/2019 | | | |
| 1/2/2019 | 5 | 5 | 10 |
| 1/3/2019 | 6 | 4 | 10 |
| 1/4/2019 | 6 | 4 | 10 |
| 1/5/2019 | | | |
| 1/6/2019 | | | |
| 1/7/2019 | 6 | 4 | 10 |
| 1/8/2019 | 6 | 4 | 10 |
| 1/9/2019 | 6 | 4 | 10 |
| 1/10/2019 | 6 | 4 | 10 |
| 1/11/2019 | 4 | 4 | 8 |
| 1/12/2019 | | | |
| 1/13/2019 | | | |
| 1/14/2019 | | 4 | 4 |
| 1/15/2019 | 6 | 4 | 10 |
| 1/16/2019 | 7 | 4 | 11 |
| 1/17/2019 | 5 | 4 | 9 |
| 1/18/2019 | 6 | 4 | 10 |
| 1/19/2019 | | | |
| 1/20/2019 | | | |
| 1/21/2019 | 5 | | 5 |
| 1/22/2019 | 6 | | 6 |
| 1/23/2019 | 6 | | 6 |
| 1/24/2019 | 6 | | 6 |
| 1/25/2019 | 5 | | 5 |
| 1/26/2019 | | | |
| 1/27/2019 | | | |
| 1/28/2019 | 6 | | 6 |
| 1/29/2019 | 6 | | 6 |
| 1/30/2019 | 6 | | 6 |
| 1/31/2019 | 6 | | 6 |
| Total | 121 | 53 | 174 |

Notes:

- 1) On average each truck offloaded 6,665 gallons of leachate
- 2) The agreement with Waste Management is for \$0.095/gallon; on average the charge to offload a truck is \$633
- 3) Total leachate revenue invoiced for January 2019 is \$108,486.81
- 4) Since 1/18/2019 no truck have been received from Charles City

South Central Wastewater Authority
Leachate Truck Log

| | |
|--------------------------------------------------|----|
| Current Max # of WM Trucks Allowed per agreement | 16 |
|--------------------------------------------------|----|

| Date | Origination Site | | Total Combined Trucks per day |
|--------------|------------------|---------------------|-------------------------------|
| | # from Amelia | # from Charles City | |
| 2/1/2019 | 6 | 0 | 6 |
| 2/2/2019 | | | |
| 2/3/2019 | | | |
| 2/4/2019 | 6 | 0 | 6 |
| 2/5/2019 | 6 | 5 | 11 |
| 2/6/2019 | 6 | 0 | 6 |
| 2/7/2019 | 6 | 0 | 6 |
| 2/8/2019 | 6 | 0 | 6 |
| 2/9/2019 | | | |
| 2/10/2019 | | | |
| 2/11/2019 | 4 | 0 | 4 |
| 2/12/2019 | 6 | 0 | 6 |
| 2/13/2019 | 6 | 0 | 6 |
| 2/14/2019 | 6 | 0 | 6 |
| 2/15/2019 | 6 | 0 | 6 |
| 2/16/2019 | | | |
| 2/17/2019 | | | |
| 2/18/2019 | 6 | 0 | 6 |
| 2/19/2019 | 6 | 0 | 6 |
| 2/20/2019 | 1 | 0 | 1 |
| 2/21/2019 | 6 | 0 | 6 |
| 2/22/2019 | 6 | 0 | 6 |
| 2/23/2019 | | | |
| 2/24/2019 | | | |
| 2/25/2019 | 6 | 0 | 6 |
| 2/26/2019 | 6 | 0 | 6 |
| 2/27/2019 | 6 | 0 | 6 |
| 2/28/2019 | 6 | 0 | 6 |
| Total | 113 | 5 | 118 |

Notes:

- 1) On average each truck offloaded 6,665 gallons of leachate
- 2) The agreement with Waste Management is for \$0.095/gallon; on average the charge to offload a truck is \$633
- 3) Total leachate revenue for February was \$74,168.32

5. Items from Counsel

6. Closed Session

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

8. Adjourn