

**HARDY COUNTY PUBLIC SERVICE DISTRICT
SPECIAL MEETING
MARCH 11, 2019
4:00 P.M.
2094 US 220 South, Moorefield, West Virginia**

Present: Rob Harper, Rose Helmick, Justin Basye, Logan Moyers, Connie Sherman, HCPSD.

The meeting was called to order at 4:00 p.m. by Vice Chairman Robert Harper. The purpose of the meeting was to discuss the proposed incentives to encourage three poultry farms located on WV SR 259 in Baker, WV to connect to the Baker public water system and to discuss the purchase of additional property adjacent to the District's existing office property.

WV SR 259 Poultry Farm Incentives for Connection – Logan Moyers reported to the Board that two of the three poultry farms located in Baker on WV State Route 259, who were targeted by the District as potential water users whose connection could aid in the District's efforts to reduce levels of disinfection by-products, have agreed to connect to the Baker water system. The District has been working to get the farms to connect to the public water system in an attempt to help with water turnover in the Baker water system. Low water turnover on WV SR 259 in Baker is a large part of the issues that have resulted in elevated levels of disinfection by-products in the Baker water system. In an effort to encourage connection of the three farms that are located on WV SR 259, the District developed an incentive package that is being offered to those farms. The incentive package being offered to the farms includes that they will be billed for actual water usage only with no minimum monthly bill and the District will perform the work to connect the farms to the District's water system. Logan Moyers said it was important to note that the incentives did not include any reduction in the rates that these users will pay as compared to the rates the rest of the District's customers pay. Although providing reduced rates was discussed, and even suggested by a Hardy County Commissioner at the February 2019 Hardy County Commission meeting, it was determined the District could not legally offer reduced rates to any of its customers regardless of circumstance. While the District has been hesitant to offer incentives to these farms, mostly because it cannot offer them to any other potential customers, ultimately it was determined that the benefit that could be received in the reduction of disinfection by-product levels with the connection of these farms was too important to ignore. Following discussion, Rose Helmick made a motion to offer the proposed incentive package to the three poultry farms located on WV SR 259 in Baker. Robert Harper seconded the motion. Justin Basye abstained from voting. Basye's family owns the third poultry farm that is being offered the incentives, however the Basye farm does not wish to become a customer of the District at this time. The District anticipates completing the tap and connection work on the first farm in the coming weeks and the second farm later this summer when the farm is between flocks. It is hoped that the third farm to which the incentive package was offered will agree to connect to the Baker water system in the future. The significant water usage anticipated from these poultry farms will provide for much greater water turnover on WV SR 259 which in turn will help to lower levels of disinfection by-products in the Baker water system.

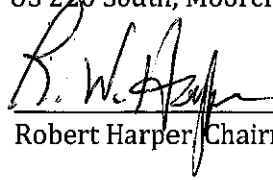
HCPSD Property Purchase- Logan Moyers informed the Board that he was contacted by the owner of the property located adjacent to the District's existing office/shop property to inquire if the District would be interested in purchasing the remaining acreage owned by the previous property owner. This property includes a four-bay garage/shop building as well as a large barn on just over 1.5 acres. The property owner has offered the District what he termed a "rent-to-own" agreement for acquiring the property. As part of this offer, the property owner is offering to negotiate a purchase price with the District and to then spread that total negotiated price over five years in the form of 60 monthly payments. As part of the agreement the District would be "renting" the property over the course of those five years and wouldn't actually assume ownership of the property until the five year renting period had expired. The agreement would

also include a provision that would prohibit the current property owner from altering the agreement in any way once it had been executed. The property owner is having an appraisal of the property performed and will share the appraisal report with the District once it has been completed. The District Board can then decide if it wishes to negotiate a purchase price with the owner. Logan Moyers pointed out to board members that the property owner is essentially offering the District five year financing at 0% interest. He also reminded the board that the District has already made plans with the property owner to rent the four-bay garage to store the District's office files, parts and tool inventory, heavy equipment and vehicle fleet during the time that the District's current office/shop facility undergoes demolition and rebuilding. He went on to say that once the District's new office/shop facility had been built, the four-bay garage facility could house materials and equipment that is currently being stored outdoors. Moyers said as he sees it, the fact that the District was already planning to rent the facility before the "rent-to-own" agreement was proposed, makes the offer all the more attractive to the District. Logan Moyers told the Board that he had reached out to the District's attorney to make sure that the District could legally enter into the type of "rent-to-own" agreement being proposed for purchase of the property and was told the District could enter into such an agreement and the attorney would be willing to draft the agreement on behalf of the District. Board members Robert Harper and Justin Basye expressed interest in acquiring the property as part of the proposed "rent-to-own" agreement and suggested the Board should meet again once the District has been provided with a copy of the appraisal report and can determine at that time if the District should make an offer for the property. Board Member, Rose Helmick, stated that she has some reservations about acquiring the property regardless of the manner in which the purchase takes place. Ms. Helmick said that her concern was in regard to the impending rate increase to the District's customers that will come with the construction of the Town of Moorefield's new water treatment plant and if the purchase of this property could result in a higher rate increase when the Town's new water plant has been built. Logan Moyers explained to Ms. Helmick that wouldn't be an issue because the District will do a "pass through" rate increase, where the only cost taken into consideration is the increased costs from the Town of Moorefield associated with the construction of their new water treatment plant. Rose Helmick then asked if the entire increase from the Town of Moorefield had to be considered as part of the pass through rate increase. Logan Moyers told her that according to the WV State Code, pass through rate increases can consider only the increased cost from the utility, nothing more and nothing less. Board chairman, Robert Harper, said regardless of whether or not WV State Code requires the District to include the entirety of the increase from the Town of Moorefield, it would be fiscally irresponsible for the District not to include the full amount of the increase from the Town of Moorefield. Logan Moyers agreed with Chairman Harper and said that if the District opted not to incorporate the full amount of the increase from the Town into the District's rate increase, it would put the District in an unnecessarily poor financial condition presently and into the future. Moyers said if the District could manage to absorb the rate increase from the Town without having to pass it on to District customers, the District should always do that, but in this instance, because it is such a large increase, (the District will see an approximate cost increase of nearly \$200,000 from the Town of Moorefield) absorbing the increase is simply not possible. Moyers said that it should be noted that the District has absorbed the last three increases from the Town of Moorefield and the last four increases from the Town of Wardensville without passing any of those increased costs onto District customers, however those increases were much smaller in size compared to the upcoming increase from the Town of Moorefield. Rose Helmick then suggested that rather than purchasing the property adjacent to the District's current office space, the District should consider buying a new office inside of Moorefield city limits. Robert Harper said he didn't think that was a prudent move because the District is already working with FEMA to build a new office/shop facility on property the District already owns. Logan Moyers said that in his opinion it is invaluable to have the District's office, shop, garage, materials and equipment storage all in one location at the same facility. Chairman Harper reiterated that he believes the best move for the District would be to take advantage of the "rent-to-own" offer for property

adjacent to the District's office/shop facility especially considering we already plan to rent that property for a significant portion of the term proposed in the rent-to-own agreement. Board member Justin Basye and General Manager Logan Moyers both said they are in agreement with Chairman Harper in that regard. Logan Moyers said that once he had received the appraisal report, he will contact the board to determine if there is a need to schedule another special meeting to discuss and possibly take action on entering into the proposed "rent-to-own" agreement.

There being no further business, Robert Harper made a motion that the meeting be adjourned. Rose Helmick seconded the motion. The meeting was adjourned at 5:05 p.m.

The next regular scheduled board meeting will be held **April 3, 2019, 4:30 p.m.** in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

A handwritten signature in black ink, appearing to read "R. W. Harper", written over a horizontal line.

Robert Harper Chairman

These minutes represent a summary of the subject discussed and the actions taken by the members of the Hardy County Public Service District for the special meeting held on March 11, 2019. The meeting and proceedings were electronically recorded. In the event there may be discrepancies or contradictions between the written minutes and the audio recording, the audio recording shall take precedence.