

HARDY COUNTY PUBLIC SERVICE DISTRICT

MARCH 4, 2009

10:00 A.M.

2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers, Chuck Ours, Kevin Markwood and Connie Sherman, HCPSD; Patrick Ford, Town of Wardensville; Jean Flanagan, Media, Clay Riley, Thrasher Engineering, Randy Plum and Ann Marie Lantz, USDA-RUS.

The meeting was called to order at 10:10 a.m. Melvin Shook made a motion to approve the minutes of the January 14, 2009 regular board meeting as presented. Clyde See seconded the motion. It was unanimously approved.

Caledonia Heights Homeowner's Association – The HCPSD had received a request from some Caledonia Heights residents to be on the agenda for this board meeting. After their homeowner's association meeting there were some disagreements so they have requested to be on the agenda of the next regular board meeting.

Field Staff Appointments – The General Manager wishes to appoint both field staff persons with new position titles. For many years Administrative Assistant, Connie Sherman has acted as the chief water operator which is primarily a field employee position. The General Manager recommended appointing Kevin Markwood as Chief Water Operator and Chuck Ours as Water System Manager. Both employees are handling their respective job duties currently but there would be some added responsibilities with the new job titles. Following review of the job descriptions for each position, Clyde See made a motion to authorize the General Manager to appoint the field staff positions of Chief Water Operator and Water System Manager. Melvin Shook seconded the motion. It was unanimously approved. Comments from each employee were made to the board and the General Manager. The field staff employees expressed their feelings that a pay increase should be given due to the change of job titles and responsibilities. Following discussion, the board and General Manager stressed that pay raises are considered on an annual basis only and when funds exist for such and that any pay raise would be deferred until that time. Chuck Ours was appointed Water System Manager and the Chief Water Operator appointment will be made at a later date.

HCPD/HCRDA Mutual Release – We continue to work through the HCRDA's attorney as it regards a mutual release of claims between the two agencies. There has been one revision made to the release as it regards the deed for the Baker Sewer Plant to include that the HCRDA will deed the plant site to the HCPD if the project is constructed. Following discussion, it was agreed to have Logan Moyers and Clay Riley talk to Tom Michael regarding the need for a revisionary clause in the release that the HCRDA deed the property to the HCPD and then the HCPD would reconvey such property if the project failed to be constructed. This would eliminate any delays in moving the project forward pending the execution of the deed so that the HCPD can show ownership of the property to the funding agency prior to closing. We also continue to work to settle the disagreement concerning the Phase II booster pump station. Due to the unwillingness of the HCRDA to allow any above ground construction, Logan Moyers and Clay Riley have looked at relocating the booster station to another location close the existing pump station. There would be an increase in the cost due to some added piping but in the long run it would be in the best interest of the HCPD to upgrade the station with an above ground facility. Clyde See made a motion to consider all available

avenues including relocation or the purchase of additional land. At that time we will evaluate all options based on each options expense in order to reach a final decision. Melvin Shook seconded the motion. It was unanimously approved.

Hampshire County Commission Resale Request – The HCPSD received a request from Steve Slonaker, Hampshire County Commissioner, regarding the HCPSD extending water service into the Purgitsville area of Hampshire County. Clay Riley has evaluated the HCPSD's available capacity that would not negatively affect current or future HCPSD customers. Mr. Riley determined that the HCPSD could sell approximately 40,000 gallons per day or enough water to potentially serve approximately 250 residences. He recommended that Hampshire County build a tank at some point for additional storage capacity. Logan Moyers will forward the information to Hampshire County and wait to hear of their future intentions on this matter.

19-A Rate Case – A WVPSC accountant and two engineers have completed their site visits as part of our 19-A Rate Case. We have notified our customers on their February bills that the amount of the increase will be determined by the WVPSC and will be available after March 30, 2009. We have included a request for a fire protection fee to be added to our tariff for any commercial and/or industrial water customer that has a private fire protection system.

PROJECT UPDATES:

Caledonia Heights Sewer Project –Loan pre-closing was held on the Caledonia Heights Sewer Project and a pre-construction conference is scheduled for this afternoon so that the bid can be awarded. The actual closing date for the project was March 3, 2009. The contractor plans to start construction on March 16, 2009. We continue discussions with the Town of Moorefield regarding the transfer of ownership of this sewer extension once construction is complete. A draft transfer agreement has been presented to the Town and a meeting is scheduled this afternoon to discuss this agreement and other issues.

Baker Water Project –Randy Plum and Anna Marie Lantz were in attendance at the meeting to discuss options for the Baker Water Project. Prior to the meeting, Logan Moyers received telephone calls from businesses in Baker who would be willing to pay for a number of taps in order to assist in our attempt to get the number of customer sign-ups necessary for the project to be constructed. This option and its specifics were discussed in great detail. It was agreed that the Participation Incentive Plan has been abandoned due to lack of interest. Randy Plum suggested other options which may enable this project move forward and recommend we go forward with a plan that includes portions of each option . One option was to reduce the scope of the project to include areas of interest only. Another option would be to eliminate USDA-RUS loan funds with a lower interest rate loan with another funding agency. The last option would be to spread the initial cost of the project over the entire customer base of the HCPSD until such time the Baker project can cash flow itself. Melvin Shook made a motion to evaluate and pursue all options and get the information for review at the next meeting. Clyde See seconded the motion. It was unanimously approved.

Baker Sewer Project – This project hinges on the construction of the Baker Water Project.

Hardy County Complex Project –We received approval from the WVPSC to construct the water line extension to serve the college. The last item needed in order to award the bid and begin construction is to execute a right-of-way agreement with the HCRDA. The HCRDA requested that the waterline be relocated so that it would not prohibit further development on HCRDA property and a few other small changes. We have addressed the concerns of the HCRDA and are waiting to receive the executed agreement.

Moorefield Regional Sewer Project – There is no update regarding the Regional Sewer Project.

NEW BUSINESS:

US Route 220 South Relocation – The HCPSD was contacted by the WVDOH regarding a line relocation project to add a passing line on US Route 220 South from the Valley View Golf Course to Tri County Tool Rental. Construction and all associated expenses will be the responsibility of the WVDOH. The HCPSD would review the design plan and would be on site periodically to monitor the project. Melvin Shook made a motion to approve the WVDOH relocation project. Clyde See seconded the motion. It was unanimously approved.

There being no further business, Clyde See made a motion that the meeting be adjourned at 11:50 a.m. Matthew Gapp seconded the motion. It was unanimously approved to adjourn the regular meeting.

The next regular meeting of the HCPSD is scheduled for Wednesday, April 1, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on March 4, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT

APRIL 1, 2009

10:00 A.M.

2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers and Connie Sherman, HCPSD; Tom Michael, Attorney; Michael Griffith, Accountant; Jean Flanagan, Media; Clay Riley, Thrasher Engineering; Randy Plum, Joe Crickenberger and Anna Marie Lantz, USDA-RUS; Daniel Gillen and Louis Errichiello, Federal EDA/ARC; Buster Wilkins, Bradley Wilkins and Robert Pittington, Guests.

The meeting was called to order at 10:00 a.m. Melvin Shook made a motion to approve the minutes of the March 4, 2009 regular board meeting as presented. Clyde See seconded the motion. It was unanimously approved.

Caledonia Heights Homeowner's Association – The HCPSD had received a request from some Caledonia Heights residents to be on the agenda for this board meeting, however no representative was present at the meeting.

Due to time constraints of board member Clyde See discussion of the Baker Water Project was moved to the beginning of the agenda items so that the full board could be involved in the discussions and decisions regarding the Baker Water Project.

Baker Water Project – Logan Moyers provided an update as it regards the proposed changes to the Baker Water Project including reducing the project costs by approximately \$2 million with the elimination of the Arkansaw contract as well as a small portion of Rt. 259. Also discussed were possible changes in loan financing, as well as spreading the cost of the project over the entire existing customer base of the HCPSD. Michael Griffith prepared a financial analysis which shows several different water rate scenarios based on different loan options which may be available and reviewed the analysis with the group. Mr. Griffith recommended eliminating USDA-RUS loan funds currently in place due to the high interest rate (4.75%) and pursuing funding through the WVIJDC for the loan portion (approximately \$1.3 – 1.5 million) of this project with the intention of keeping all current grant funding already in place. Clyde See questioned if reducing the scope of the project could jeopardize any grant money already committed to the project. Lou Errichiello, representing Federal EDA/ARC, stated that as long as the project is still accomplishing what it originally intended to, including serving both industrial and residential customers, the grant money would not be in jeopardy. Clyde See requested that all funding agencies provide a commitment in writing stating that all grant funding will remain in place after scaling back the project. All agencies agreed that amended letter of conditions/loan agreements with the HCPSD will need to be prepared due to the changes in scope, financing and the needed time extension for the project and a commitment for the grant funding would be included in such. Mr. Errichiello stated that Federal EDA & ARC could not participate in funding this project if the total grant funding amount exceeded 80% for the overall project. In reviewing the proposed reduction in scope, which would result in a lesser loan amount, the project would be funded with approximately 84% grant and 16% loan. In order to keep the grant dollars currently in place we would need to either reduce the grant portion or increase the loan portion to comply with Federal EDA & ARC guidelines. Following discussion it was decided to keep all grant funding currently in place. In order to do so, the small portion of Rt. 259 will no longer be cut from the project and the loan amount will be

increased to cover that cost so that the grant portion does not exceed 80%. Clyde See made a motion that the Baker project be amended in an effort to get the project to construction as soon as feasibly possible and that the project scope be adjusted in an effort to take full advantage of the available grant funds. Melvin Shook seconded the motion. It was unanimously approved. Melvin Shook made a motion to implement whatever county-wide rates may be necessary to fund the project under the amended conditions. Clyde See seconded the motion. It was unanimously approved. Following discussion it was decided for all parties to proceed with the newly comprised Baker project work as quickly as possible knowing that this project will likely face several hurdles, including a lengthy WVPSC case as well as existing HCPSD customer complaints, prior to going to construction. Clay Riley will prepare an application to submit to WVIJDC for alternate funding to replace the USDA-RUS loan portion of the current funding package. USDA-RUS, Federal EDA & ARC will amend their letter of conditions/loan agreements to comply with the new funding proposals discussed during the meeting. The HCPSD needs to begin work immediately to complete the tasks included in the letter of conditions/loan agreements for the Baker project, including property acquisitions, easements, etc. so that we can avoid any further delays on this project. USDA-RUS agreed to contact WVPSC to request that they work with all parties involved in order to expedite this case. All parties agreed to meet again following the completion of each group's tasks so that this project can proceed quickly and in the manner discussed during the meeting.

Board member Clyde See had to leave the meeting following the discussion of the Baker Water Project due to other obligations.

Leak Adjustment and Resale Materials Policies –We have worked to update our existing leak adjustment policy so that it coincides with state regulations and have developed a new resale materials policy. The HCPSD at times purchases materials that are resold to an outside party at no additional cost. This material is used for alternate mainline extensions and/or other situations where the materials typically become part of the HCPSD's existing system. Following review of the policies, it was recommended to revise the resale materials policy to reflect that payment is due upon receipt of the materials rather than giving the customer 30 days to pay, add that no material purchased can be sold to a third party and to change the name of the policy to remove the word "resale". Melvin Shook made a motion to approve the leak adjustment policy as presented and to approve the resale materials policy with the minor amendments as discussed. Matthew Gapp seconded the motion. It was unanimously approved.

19-A Rate Case – The WVPSC has released information as part of our 19-A Rate Case. Following review of the case information by Michael Griffith it was determined that the WVPSC has once again made a major error in calculating the new rate schedule. Melvin Shook made a motion that the board go to executive session to discuss the information regarding the 19-A Rate Case. Matthew Gapp seconded the motion. It was unanimously approved. The board reconvened. Michael Griffith recommended requesting an amendment to the proposed rate schedule based upon his findings. Mr. Griffith will contact the WVPSC regarding this amendment. If the WVPSC is not receptive to this option, we will need to formally request additional time to review the information in further detail and present information to the WVPSC. Melvin Shook made a motion that legal counsel working with the general manager and accountant be authorized to take the action necessary to correct the error including a formal protest, if necessary. Matthew Gapp seconded the motion. It was unanimously approved.

MISCELLANEOUS BUSINESS:

Discussion was held regarding the decision on the propane tank that will serve the HCPSD office. It was determined at a previous meeting that we would lease an in-ground propane tank from Southern States however, following a review of options it was determined that due to the expenses associated with preparing for an in-ground propane tank, the best financial option would be to purchase our existing tank from Mike Alt. Melvin Shook made a motion to purchase the tank for \$500 from Mike Alt. Matthew Gapp seconded the motion. It was unanimously approved. Discussion was also held regarding the hiring of a landscaper to perform some landscaping at the HCPSD office, as well as mowing grass at HCPSD properties. Melvin Shook made a motion to hire Southerly's Lawn Service. Matthew Gapp seconded the motion. It was unanimously approved.

PROJECT UPDATES:

Caledonia Heights Sewer Project –Construction has started on the Caledonia Heights Sewer Project. We have a meeting this afternoon with the contractor and the Town of Moorefield regarding the I & I work to be performed on the Caledonia Heights Sewer System as has been mandated by WVPSC, WVIJDC and WVDEP. The I & I work will be performed by the contractor in the form of a change order to the project contract. Pay requisition #2 was presented for review and approval. Melvin Shook made a motion to approve the pay requisition as presented. Matthew Gapp seconded the motion. It was unanimously approved.

Baker Sewer Project – This project hinges on the construction of the Baker Water Project.

Hardy County Complex Project –We have received executed right-of-way agreements from both the HCRDA and EWVCTC. We have a pre-construction conference this afternoon to award the contract for the water line extension to serve the college. Work will begin in early April and should be completed in May.

Moorefield Regional Sewer Project – There is no update regarding the Regional Sewer Project.

There being no further business, Melvin Shook made a motion that the meeting be adjourned at 11:58 a.m. Matthew Gapp seconded the motion. It was unanimously approved to adjourn the meeting.

The next regular meeting of the HCPSD is scheduled for Wednesday, May 6, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on April 1, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT

MAY 6, 2009

10:00 A.M.

2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers and Connie Sherman, HCPSD; Tom Michael, Attorney; Jean Flanagan, Media; Anna Marie Lantz, USDA-RUS; Bradley Wilkins, Guest.

The meeting was called to order at 10:05 a.m. Clyde See made a motion to approve the minutes of the April 1, 2009 regular board meeting as submitted. Melvin Shook seconded the motion. It was unanimously approved.

19-A Rate Case – Logan Moyers presented an update on the status of our 19-A Rate Case with the WVPS. We are currently waiting for an amended staff report which should be released in the coming days. Michael Griffith discovered that the PSC staff made a major error in the previously calculated rate schedule. Once the new rate schedule is received it will need to be published in the newspaper for public review. The new rate schedule includes a fire protection fee for any water customer who has a private fire protection system. We are working to prepare the list of these customers.

MISCELLANEOUS BUSINESS:

We were contacted by Gregg Ely, Hardy County Clerk, regarding our participation and contribution to a county geographic information system (GIS) software program which would include county data including our waterlines and facilities. Logan Moyers discussed this idea with Clay Riley and he will provide additional information at the next board meeting. The field staff expressed concerns over security issues with our facilities being public knowledge to anyone with access to the program.

PROJECT UPDATES:

Caledonia Heights Sewer Project –Construction is complete on the main gravity sewer line from US Route 220 North to the manhole next to the Corridor H connector road and sewage from the Caledonia Heights subdivision is now being discharged through this line to the Town of Moorefield's sewer system for treatment. The HCPSD notified Tom Michael that the lagoon was no longer being used as of April 16, 2009 and he forwarded this information to the necessary parties. A partial Certificate of Substantial Completion was presented which included a few minor punch list items. Melvin Shook made a motion to execute the certificate as presented. Clyde See seconded the motion. It was unanimously approved. The next step of this project includes the I & I work as mandated by WVDEP, WVPS and WVIJDC. This I & I work will be performed by the project contractor in the form of a change order to the original project contract. Change Order #1 was presented which includes the installation of thirty-four cleanouts, repairs to two manholes and associated restoration work. Melvin Shook made a motion to approve Change Order #1 as presented. Clyde See seconded the motion. It was unanimously approved. The HCPSD notified the residents of Caledonia Heights of this upcoming I & I work which includes possibly disturbing some residents individual yards, driveways, etc. The HCPSD has a right-of-way clause included in the covenants of the lots within the subdivision to complete these necessary repairs to the sewer system. This work will begin this month and should be completed by July 2009. Pay requisition

#3 was presented for review and approval. Melvin Shook made a motion to approve the pay requisition as presented. Clyde See seconded the motion. It was unanimously approved. We continue to work on the asset transfer of the Caledonia Heights sewer system to the Town of Moorefield. Recently during a PSC scheduled public hearing on this matter a plan detailing the processes involved in the asset and debt transfers was presented and agreed to by all parties. One portion of this plan was the execution of an official asset transfer agreement between the HCPSD and the Town of Moorefield. The Moorefield Town Council recently approved this transfer agreement. Melvin Shook made a motion to approve the Transfer Agreement as presented. Clyde See seconded the motion. It was unanimously approved. Following discussion, it was decided that the Caledonia Heights sewer rates would not be raised during this transfer process unless the HCPSD's sewer revenue is depleted due to unforeseen circumstances. It is anticipated that the transfer will be completed within the next several months.

Baker Water Project – Logan Moyers provided an update as it regards the Baker Water Project. We have submitted an application to WVIJDC for the \$1.64 million loan amount needed for this project. The HCPSD should know WVIJDC's decision regarding this request by June 3, 2009. Work has continued regarding the Marvin Chapel area right-of-way agreements and property acquisitions. Thrasher is working to complete the list of right-of-way agreements needed for the Baker portion of the project and should have that information to the HCPSD later this month. Melvin Shook requested that Clay Riley provide a Project Schedule with updates at each monthly meeting so that progress on this project can be monitored. Brad Wilkins asked if the HCPSD has plans to hold additional sign up meetings for residents in Baker who would want to sign up before construction on the project begins. Moyers stated that presently no additional sign up meetings are scheduled but the HCPSD would be willing to hold such meetings if the need would arise. The public will be notified of the deadline to sign up for the water project with the discounted tap fee rate in the newspaper prior to project construction.

Baker Sewer Project – This project appears to be moving forward due to the changes to the Baker Water Project. Clay Riley has recommended that the HCPSD pursue stimulus funds for this project. Currently this project is funded with a \$665,000 grant and \$1,235,000 loan from WVIJDC. Clyde See made a motion to request stimulus funds for the construction of this project. Melvin Shook seconded the motion. It was unanimously approved.

Hardy County Complex Project –Construction is nearly complete on the water line extension to serve the college. It is anticipated that water will be made available to the facility later this month. Change Order #1 was presented which involved the relocation of the water meter so that it is located on college property rather than property owned by the HCRDA. This relocation is necessary due to an error by the college's architectural firm. The relocation also keeps the HCPSD from assuming ownership of a water line that was installed under a paved parking lot. Discussion was held regarding this relocation. Following discussion, Melvin Shook made a motion to approve Change Order #1 as presented. Matthew Gapp seconded the motion. Clyde See opposed the motion stating that he would not approve a motion that in any way assists the HCRDA due to the fact that the HCRDA is unwilling to provide any similar assistance to the HCPSD when requested. The motion passed by a majority vote.

Moorefield Regional Sewer Project – This project appears to be moving forward although the HCPSD has not been involved in any new discussion concerning this project. Following the transfer of the Caledonia Heights sewer system to the Town of Moorefield, the HCPSD will have no sewer customers affected by the construction of this project.

There being no further business, Clyde See made a motion that the meeting be adjourned at 11:15 a.m. Matthew Gapp seconded the motion. It was unanimously approved to adjourn the meeting.

The next regular meeting of the HCPSD is scheduled for Wednesday, June 3, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on May 6, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT

JUNE 3, 2009

10:00 A.M.

2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers and Connie Sherman, HCPSD; Clay Riley, Thrasher Engineering; Tom Michael, Attorney; Jean Flanagan, Media; Anna Marie Lantz, USDA-RUS.

The meeting was called to order at 9:55 a.m. Melvin Shook made a motion to approve the minutes of the May 6, 2009 regular board meeting as submitted. Clyde See seconded the motion. It was unanimously approved.

FY2010 Budget – The board members were sent copies of the proposed FY10 water and sewer budgets as part of the board meeting packets. Discussion was held regarding the shortfall in the water revenue projection on last year's budget. This year's projection includes an anticipated increase from our pending WVPSC Rate Case and should be more accurate than last year's projection. Melvin Shook made a motion to accept the FY10 water and sewer budgets as presented. Clyde See seconded the motion. It was unanimously approved.

Hardy County Complex Project –Construction is complete on the water line extension to serve EWVCTC and a final inspection and walk-through is scheduled for this afternoon at 2:00 p.m. Water will be made available to the facility by the end of the week. The Final Adjusting Change Order was presented which involves the adjustment of actual quantities of material installed versus estimated quantities. The amount of Change Order #2 was an increase of \$160.50 for a total contract price of \$112,040.50. Melvin Shook made a motion to approve the change order as presented. Clyde See seconded the motion. It was unanimously approved. The Certificate of Substantial Completion for this project was presented which included five (5) minor punch list items. Following review Melvin Shook made a motion to execute the certificate as presented. Clyde See seconded the motion. It was unanimously approved. Pay Requisition #2 was presented. Clyde See made a motion to approve Pay Requisition #2 as presented. Melvin Shook seconded the motion. It was unanimously approved.

Baker Water Project – Logan Moyers provided an update as it regards the Baker Water Project. We have submitted an application to WVIJDC for a 0% \$1.64 million loan which is needed for this project. The application was reviewed at the WVIJDC's Technical Committee meeting and additional information was requested before a final decision can be made. The Technical Committee questioned that with the reduction in the scope of the project should the size of the water plant also be reduced? Clay Riley will address the WVIJDC's information request prior to the next WVIJDC Technical Committee Meeting in late June and inform the committee that the PSD has intentions of serving additional areas in the future with the water plant. WVIJDC's concerns regarding the plant size will need to be addressed prior to filing a certificate case with WVPSC which we intend to do in late July. We anticipate receiving approval on the loan at the next WVIJDC meeting in early July. The PSD was contacted by EDA regarding participation in a conference call with state and federal EDA representatives who are concerned that the Baker Water Project has not started construction nor is it prepared to start within the next year. Following the conference call it appeared that EDA is not willing to grant the PSD any further time extension on their grant funds and they recommended that the PSD agree to terminate the grant agreement. EDA requested that this be discussed at this June board meeting and for us to respond to them in writing by the end of the week. Following the conference call, a meeting was held with Region VIII representatives, Ken Dyché and Terry Lively, who informed us that there is no law regarding the withdrawal of grant funds. It would

strictly be an administrative decision of the Philadelphia EDA office to withdraw the grant funds. Region VIII's suggestion was for us to contact State local Senators, Congresswoman Capito and other local and state representatives to request their assistance in retaining the EDA grant funds. Following review of the letter received from EDA, Clyde See made a motion rejecting their offer to "Terminate Grant Agreement for Convenience". Melvin Shook seconded the motion. It was unanimously approved. Clyde See made a motion to inform Willie Taylor by letter of the actions of the board. Melvin Shook seconded the motion. It was unanimously approved. Clyde See made a motion that the PSD staff immediately contact the appropriate representatives in Senators Byrd and Rockefeller's offices and Congresswoman Capito's office to request their intervention on our behalf in this matter. Melvin Shook seconded the motion. It was unanimously approved. Clyde See requested that copies of our correspondence with EDA be forwarded to our Senators, Congresswoman, Governor Manchin and other local representatives. If we lose the EDA grant it would result in the loss of the ARC grant as well. Loss of these grant funds would ultimately result in the loss of the entire Baker Project. Work has continued regarding the Marvin Chapel area right-of-way agreements and property acquisitions. Thrasher Engineering has completed the list of right-of-way agreements needed for the Baker Water and Sewer projects. Tom Michael will create the agreements and provide them to the PSD. Clay Riley reported that the health department is requiring pilot testing of the water treatment plant since it is located on a new dam and since it is surrounded by agricultural land. We will not receive approval from the health department until several months of testing are complete. Discussion was held regarding the cost for this testing which is anticipated to cost between \$40,000 - \$50,000. Logan Moyers questioned whether the PSD should expend the money required for testing before we have received confirmation that we can retain the EDA grant funding. Clay Riley reported that the project budget should be reviewed to determine if the testing can be covered, however that in order to keep the project moving on schedule he recommends to proceed with the testing without confirmation on the EDA grant. Clay Riley stated that it takes a few months to organize with the company that will perform the testing and to get the equipment mobilized so the PSD should know the status of the EDA grant in time to cancel the testing if it is not needed. Clay Riley suggested we begin the mobilization process now in order to be prepared by August and that any costs associated with the mobilization process would be minimal. Discussion was held on whether the testing needed to be publicly bid. It was suggested that in order to speed up the testing process Thrasher Engineering could hire the company who will perform the testing as a subcontractor meaning the public bid process would not be necessary. Clay Riley will get more information regarding this testing and additional information will be provided at the next meeting. Michael Griffith has prepared a draft Rule 42 for this project and the projected county wide minimum bill would be \$36.00 which will cover the debt service and operation and maintenance associated with this project. Clay Riley provided a project schedule at the request of the board to keep track of the progress being made as we move the project toward construction.

Baker Sewer Project –Clay Riley reported that the necessary information has been filed with WVDEP for the HCPSD to request stimulus funds for this project. He feels we have a good chance at receiving 100% debt forgiveness on this project. Clay said that in order for the PSD to qualify for the debt forgiveness we would need to complete the property acquisitions, rights-of-way agreements and bid the project in the next few months. Logan Moyers will need to contact the HCRDA regarding obtaining a deed for the sewer plant site property located in the Baker Industrial Park as soon as possible. Clay Riley and Melvin Shook suggested that we begin work on obtaining the sewer rights-of-way immediately as there may be difficulties in obtaining all the necessary agreements and condemnation may ultimately be required. It is very important that we accomplish the necessary tasks to go to bid as soon as possible because there are numerous projects state wide competing for the stimulus money and the money will be awarded on a first come first serve basis. Clay Riley provided a project schedule at the request of the board to keep track of the progress being made as we move the project toward construction.

At 10:40 a.m. board members Clyde See and Matthew Gapp had to leave the meeting due to other commitments. A brief adjournment was held and the meeting reconvened at 10:50 a.m.

Clay Riley reviewed the remaining line items needing executed on the Baker Water and Sewer Project schedules in detail.

Baker Sewer Project – A discussion on the necessary rights-of-way agreements including contact information for property owners was held. Tom Michael had a few questions regarding filing with the WVPSC since the WVPSC may not want to grant a certificate in the sewer case if the water system is not operational due to concern over the PSD's ability to collect sewer revenue without an avenue to enforce payment of sewer bills. Clay Riley stated that if the sewer project was constructed debt free with stimulus funds the rates would need to cover the operation and maintenance costs but not debt service which should alleviate some of the WVPSC's hesitance to grant the certificate. Clay suggested that Michael Griffith show as part of the Rule 42 that the revenues collected from business customers, where collections should not be an issue, are sufficient enough to cover the operation and maintenance costs and any issues regarding the payments from residential customers would not affect the PSD's ability to cover necessary costs.

The question was raised regarding obtaining stimulus funds for the Route 55 booster station upgrade and/or replacement. Clay Riley suggested that the best option might be the Governor's Community Partnership Grant program for that particular project. Another suggestion was to apply for a Small Cities Block Grant and include the Trough Road Line Upgrade as part of the application and use Phase II customers only to qualify for the SCBG funds.

Geographical Information System – Greg Ely was unable to attend today's board meeting as the county commission had to reschedule their meeting to the same time due to other meetings. Several issues need to be discussed including costs to the PSD, benefit to the PSD and what information should be shared with the public. This will be discussed at the next meeting.

19-A Rate Case – Logan Moyers presented an update on the status of our 19-A Rate Case with the WVPSC. We have received the recommended tariff from the WVPSC and the new proposed minimum bill is \$30.93. We have published the public notice of a requested change in rates in the local newspaper and to date no protests have been filed. If we do not receive any protects the process should go pretty quickly. The PSD has fulfilled its requirements as it relates to the Rules for the Construction and Filing of Tariffs with the WVPSC including issuing a press release, publishing the proposed tariff and posting a copy of the proposed tariff at our office. We have prepared the list of customers who will be charged a fire protection fee but have not yet determined the exact line size entering each building.

Caledonia Heights Sewer Project –The next step of the Caledonia Heights Sewer project includes the I & I work as mandated by WVDEP, WVPSC and WVIJDC. This I & I work is scheduled to begin Monday, June 8, 2009. We continue to work on the asset transfer of the Caledonia Heights sewer system to the Town of Moorefield. Notice of a public hearing was published in the Examiner and there were no members of the general public at the hearing which was held prior to this board meeting. We are waiting on a few items needed for the transfer from PSD bond counsel, John Stump, which we hope to receive in the near future. Logan Moyers will contact John Stump regarding the status of the remaining items needed from him. The next scheduled hearing regarding the transfer is scheduled for September 3, 2009 with WVPSC. We would like to have all necessary tasks for the transfer accomplished by this hearing date so that the hearing may not be necessary.

Moorefield Regional Sewer Project – This project appears to be moving forward although the HCPSD has not been involved in any new discussion concerning this project. Jean Flanagan reported that a public hearing is scheduled for tomorrow evening at the Moorefield Town Office.

There being no further business, Melvin Shook made a motion that the meeting be adjourned at 11:35 a.m. The meeting was adjourned.

The next regular meeting of the HCPSD is scheduled for Wednesday, July 1, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on June 3, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT

JULY 1, 2009

10:00 A.M.

2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers and Connie Sherman, HCPSD; Clay Riley, Thrasher Engineering; Tom Michael, Attorney; Jean Flanagan, Media; Anna Marie Lantz and Randy Plum, USDA-RUS; A.J. Wade and Stanley Moyer, Hardy County Commission; Willie Taylor and Lou Errichiello, Federal EDA; Chris Strovel, Congresswoman Shelley Moore-Capito's Office; Terry Lively and Melissa Earle, Region VIII and Tom Widder, Hardy County Planner.

The meeting was called to order at 10:10 a.m. Melvin Shook made a motion to approve the minutes of the June 3, 2009 Caledonia Heights public hearing meeting and the June 3, 2009 regular board meeting as submitted. Clyde See seconded the motion. It was unanimously approved.

Baker Water Project – Willie Taylor, Regional Director of Philadelphia EDA office, lead a discussion with the board concerning the HCPSD's options for moving forward with the EDA funding for the Baker Water Project. He stated that the EDA grant funds expire on September 30, 2010. The HCPSD was under the impression that if the grant funds could be transferred to USDA-RUS for administration there would be no grant termination date. However, Mr. Taylor stated that if these funds are transferred to any other agency for administration the EDA rules and guidelines still apply and the termination date would remain September 30, 2010. Only an act of Congress can permit a time extension to our existing grant. No one in attendance at the meeting believed that it is possible for the HCPSD to have the project completed and funds expended by the September 30, 2010 termination date. Knowing this, a transfer of the funds to USDA-RUS would be of no benefit to the HCPSD. Mr. Taylor suggested that the HCPSD offer to terminate our existing grant agreement for convenience and concurrently reapply for as much as 80% (or \$4 million) of the total *EDA Project* (EDA Project is \$5 million and total project is over \$8.5 million) through the American Recovery and Reinvestment Act (ARRA). Doing this would allow the HCPSD to reapply for EDA grant funds in the amount of \$4 million without giving up the current \$1.5 million prior to award of the requested \$4 million. It would also reduce the amount of loan funds required by EDA for this project to \$1 million (or 20%) of the total project cost and would give the HCPSD another five years to complete the project. The HCPSD needs to provide Mr. Taylor's office with our new grant application along with a letter stating our intent to terminate our existing EDA grant award for convenience and reapply for the \$4 million ARRA funds by July 17, 2009. If the new grant application is not funded, Mr. Taylor's office will rescind the notice of termination and the existing grant would remain in place until the termination deadline of September 30, 2010. Randy Plum raised the question as to whether the HCPSD would have the option to seek congressional assistance in extending the grant termination date if the new application is not funded. Mr. Taylor stated that the option to seek congressional assistance would remain viable throughout the life of the existing grant. Clyde See questioned Mr. Plum if there was any impact on USDA-RUS funds if the HCPSD receives the \$4 million from EDA in the new grant application. Mr. Plum stated that USDA-RUS has no such guidelines as EDA and ARC regarding the total amount of grant funds used in a project. Therefore, if the HCPSD receives additional grant funds it will not impact the USDA-RUS grant funds currently in place for this project. Clyde See solicited the recommendations of several persons in attendance at the meeting including Randy Plum, Clay Riley, Tom Michael, Terry Lively, Stanley Moyer and A.J. Wade. Terry Lively, Region VIII, asked Mr. Taylor if the HCPSD's previously submitted application met all the current rules and regulations needed to qualify for ARRA funds. Mr. Taylor stated that the application did meet qualifying guidelines for ARRA money, meaning the

HCPSD would simply need to “cut and paste” the previous application with only changes to the budget numbers. Mr. Taylor informed the board that by terminating the grant award for convenience, the HCPSD was eligible to receive up to 30% reimbursement for qualifying incurred project costs to date. Connie Sherman asked Mr. Taylor if the ARC grant funds would remain in place regardless of what occurs with EDA funding. Mr. Taylor stated that after following up with ARC, those funds will remain in place for this project and will be administered by his office. Mr. Taylor discussed some additional requirements that come with the use of ARRA funds which the HCPSD will be required to comply with including, posting project information on the HCPSD website as well as a link to the *recovery.org* website. Also quarterly and annual project reports must be submitted to Mr. Taylor’s office updating project progress. Clyde See made a motion that the HCPSD’s legal counsel draft a letter to Mr. Taylor setting forth the conditions of the HCPSD’s agreement to terminate the existing grant award for convenience and the rights that we reserve in the event that the ARRA funding application is not approved. The letter will be submitted simultaneously with the grant application. These documents need to be in the mail to Mr. Taylor by July 17, 2009 and both Region VIII and Tom Michael agreed that this deadline could be met. The draft letter will be reviewed by the board and Region VIII prior to being finalized and mailed to Mr. Taylor. Melvin Shook seconded the motion. It was unanimously approved. Our WVIJDC application for a 0% \$1.64 million loan for this project is still pending. Although additional information was requested regarding the need to reduce the size of the water plant, Randy Plum was able to convince the WVIJDC to address the pending application at their meeting scheduled for next Wednesday, July 8, 2009. Logan Moyers will attend this meeting and request to be on the agenda to provide comments in support of this funding application. Clay Riley reported that Thrasher Engineering is waiting on quotes from various companies who can complete the health department required pilot testing. Thrasher Engineering will subcontract this work, estimated at approximately \$50,000.00, to the lowest bidder. This testing will take approximately 4-6 months. Logan Moyers provided an update on the Baker Water/Sewer Project easements. He has met with several property owners on Old Baker Road who are requesting appraisals of their property and payment for any easement secured. He fears that condemnation may be necessary in some cases primarily regarding sewer project easements. Some residents of Old Baker Road created a petition in which they requested the signatures of the HCPSD board members, general manager and members of the Hardy County Commission regarding the restoration of their property. The petition requested the State requirement mandating all homes within a reasonable distance connect to public sewer be removed. Board member Clyde See instructed Mr. Moyers to continue to contact property owners and work on securing easements but no formal action could be made on the presented petition or condemnation until the entire funding is secured and in place for the projects. He continued to say that if the funding is secured again for this project, the HCPSD will do everything in their power to secure the necessary easements without condemnation however, the HCPSD has the right to condemn and will do so to every property where it would be necessary in order to complete the project. Tom Michael informed the board that each property owner would need to be named in a separate condemnation suit. He recommended that the HCPSD have properties appraised as soon as it is determined which properties will need to be condemned and that prior to the appraisal each property owner must be contacted by letter informing them of the scheduled date and time of the appraiser’s visit and their right to be present for the appraisal. Mr. Michael stated that typically rural properties are granted approximately \$1.00 per foot in cases of condemnation. Mr. Moyers will continue to work on contacting property owners where easements are needed and will attempt to determine where condemnation may be necessary so that the HCPSD can have appraisals completed on those properties as soon as possible.

Baker Sewer Project –Clay Riley continues to work with Michael Griffith in preparing the Rule 42 for the Baker Sewer Project and have plans to finalize this work following the WVIJDC meeting next Wednesday. The Rule 42 is needed before we can file with the PSC. It is hoped that the Rule 42 will show that revenues collected from business customers, where collections will not be an issue, are sufficient enough to cover the operation and maintenance and any debt service costs so that any issues regarding the payments from residential customers would not affect the PSD's ability to cover necessary costs. Randy Plum stressed the importance of having a defined project and scope of work for both the water and sewer projects prior to filing with PSC.

Hardy County Complex Project – We were contacted by the State Fire Marshall's office concerning the possibility of needing to add an additional fire hydrant on the site of the new college facility. We received a quote from the contractor in the amount of approximately \$10,600.00. A meeting is scheduled on site Monday morning with the State Fire Marshall, HCPSD field staff and the Moorefield Volunteer Fire Company Chief so that a decision can be made regarding the installation of an additional hydrant. We do have grant funds remaining in the project if the hydrant is determined to be needed. Following the completion of the water line extension to the project, the HCPSD would like to use any remaining funds to purchase equipment. Logan Moyers has spoken to the Hardy County Commissioners and they are agreeable to the HCPSD's request to use any remaining funds for this purpose if the WV Development Office (WVDO) approves the request. Once an amount is determined, the HCPD will submit the list of equipment to the HCC to forward to the WVDO for approval. Melvin Shook made a motion to proceed with the request to use the remaining HC Complex grant funds to purchase equipment. Clyde See seconded the motion. It was unanimously approved.

WV Department of Agriculture MOU – Logan Moyers met with a representative from the WV Department of Agriculture (WVDA) regarding entering into a memorandum of understanding between the two entities so that water can be purchased in the event of an agriculture incident and/or emergency. A draft agreement was presented at the meeting. Included as part of the agreement, the WVDA will provide the HCPSD with a global positioning system hand held unit in order to obtain the exact location of fire hydrants in their system. Upon completion of obtaining the information, the HCPSD will return the unit and the information collected to WVDA. WVDA will provide training regarding the most efficient use of this information along with a map showing detailed locations. The HCPSD will provide a field staff employee to assist with training a WVDA employee on how to make the proper and safe connection to fire hydrants. WVDA will provide information regarding the amount of water used and will pay for that usage according to the HCPSD's current tariff rate. Tom Michael and Logan Moyers will continue to review the agreement and will amend it as necessary. The agreement will be submitted for approval at a future meeting.

HCPSD/HCRDA Mutual Release – Logan Moyers attended the HCRDA board meeting on June 30, 2009 in order to be available for questions and/or comments during the HCRDA's review of the recently revised mutual release. The HCRDA board approved the revised mutual release as presented, meaning that following HCPSD board approval the mutual release can be executed. Logan Moyers reviewed the revised mutual release with the HCSPD board and informed them that there are five items listed in the mutual release that needed to be agreed upon. The three outstanding issues included the deed to the Route 55 booster station, deed to the Baker Sewer Plant site and access road and the water termination agreement. Following discussion, Logan explained that flow testing results showed that the booster station should be relocated, therefore eliminating the HCRDA's issue of building above ground structures on the booster station's existing location. The HCRDA agreed to convey the deed to the existing Route 55 booster station site with a clause prohibiting above

ground construction to the HCPSD. A reversionary clause was added to the Baker Sewer Plant site deed which stated that if construction has not commenced within two years the property would revert back to the HCRDA and the HCPSD would execute a deed confirming the return of ownership to the HCRDA. Clyde See questioned if construction would begin in the next two years. Clay Riley stated that he was confident that construction will begin prior to the end of the two year period. The water termination date included as part of the water termination agreement had previously been an issue with the HCPSD, however it is no longer an issue since the Caledonia Heights sewer customers will become customers of the Town of Moorefield following the completion of the Caledonia Heights transfer. Following discussion, Melvin Shook made a motion to approve the revised mutual release. Clyde See seconded the motion. It was unanimously approved.

Caledonia Heights Sewer Project –The contractor has started the necessary I & I work as mandated by WVDEP, WVPSC and WVIJDC. There have been a few minor complaints by property owners but most residents understand the need for the work to be completed. Pay requisition #4 was presented for payment with a total amount of \$43,520.35. Clyde See made a motion to approve the pay requisition as presented. Melvin Shook seconded the motion. It was unanimously approved.

There being no further business, Melvin Shook made a motion that the meeting be adjourned at 11:30 a.m. The meeting was adjourned.

The next regular meeting of the HCPSD is scheduled for Wednesday, August 5, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on July 1, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT

AUGUST 4, 2009

10:00 A.M.

2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers, Kevin Markwood and Connie Sherman, HCPSD; Clay Riley, Thrasher Engineering; Tom Michael, Attorney; Jean Flanagan, Media; Anna Marie Lantz, USDA-RUS; Steven Williams, Hardy County Board of Education; Robert Wilkins, Bradley Wilkins, Chester Funkhouser and Robert Wilt, II, Guests.

The meeting was called to order at 10:10 a.m. Melvin Shook made a motion to approve the minutes of the July 1, 2009 regular board meeting as submitted. Clyde See seconded the motion. It was unanimously approved.

Baker Water Project – Logan Moyers provided an update regarding the Baker Water Project. Since our last meeting, the HCPSD with the assistance of Region VIII Planning & Development Council submitted a new EDA grant application for \$4 million along with our agreement to terminate the existing \$1.5 million grant. EDA contacted us this week and requested that we prepare a Board Resolution stating our intent to terminate our existing grant and include our request for reimbursement for project related expenses to date. Region VIII staff has been working with the HCPSD to prepare the EDA Application for Payment for the qualifying project expenses to date. Once the application has been reviewed and approved by EDA, repayment for project expenses should be forthcoming. It is hoped that EDA will announce the award of our new grant no later than September 30, 2009. Following review of the Resolution, Clyde See made a motion to adopt the Resolution as presented. Melvin Shook seconded the motion. It was unanimously approved. Clyde See made a motion to authorize the Chairman and General Manager to sign the Resolution to be returned to EDA. Melvin Shook seconded the motion. It was unanimously approved. We have received our binding commitment letter from WVIJDC for our requested \$1.6 million loan. Now that funding is in place for the Baker Water Project and a Rule 42 and preliminary engineering report is complete we are now ready to file a certificate case with the WVPSC. The projected minimum bill for water is \$36.00 for 3,000 gallons of water. Clyde See made a motion to approve the WVPSC filing for a certificate case. Melvin Shook seconded the motion. It was unanimously approved. Thrasher Engineering has been working to arrange the pilot testing which we hope can begin September 2009 and completed in January 2010. A cost estimate of \$50,000 was received from Tonka Equipment Company however that estimate does not include other associated costs including water testing, laboratory analysis and connection to the raw water supply. Discussion was held regarding the amount of work that will be required of HCPSD staff in conjunction with the set up and operation of the pilot testing facility. Clay Riley informed that daily water testing is required for a 90 day period and either Tonka can supply field personnel to handle this testing at a cost of \$25,000 or the HCPSD staff can be trained to do the testing. Clyde See suggested that HCPSD staff should conduct the testing since they are certified to do so and it could be done at significant cost savings. He continued to say that he felt that the staff should be compensated for the additional work requirements since the testing will involve weekends and/or holidays. Clyde See questioned as to when a decision needs to be made regarding the pilot testing start date. If the pending EDA grant application is not approved, there will be no need for the pilot testing as we will be unable to move forward with the project. Clay Riley informed that it will take 4-6 weeks to order the pilot testing facility and to get the facility operational. Clyde See suggested waiting for EDA's approval of the pending grant application prior to moving forward with the pilot testing. Clay Riley will check with the health department who is requiring the testing to be completed during a change of season to determine if they will allow the testing to be delayed until October when we know the outcome of the EDA

application. He will also work to prepare cost estimates for the additional work to be completed by the HCPSD including testing costs, laboratory costs, cost to provide electric to the facility and cost of piping to connect to the raw water supply to the facility. A final decision will be made at the next meeting regarding who will conduct the testing, the compensation, if any, for HCSPD staff and the time period for which the testing will be conducted. Logan Moyers provided an update regarding property acquisition and easements needed for the water project. The water plant site deed has been prepared and submitted to NRCS for approval. There is no booster station needed and the plat of survey for the water tank site has been completed by Thrasher. Tom Michael needs to prepare the deed so that we can work to secure the properties with the property owners. There are a total of twelve water easements. Of those, seven have agreed to grant the easement, three are undecided, one is a definite condemnation and we have been unable to contact one property owner. Logan Moyers has contacted an appraiser who is willing to conduct the property appraisals as part of the condemnation process. Once it is determined which properties need to be condemned, Tom Michael will send a letter to all property owners informing them of the date and time the appraiser will be on site to conduct the appraisal. We hope to have determined all properties which will need to be condemned and be ready to start the condemnation process following next month's meeting. Clay Riley stated that he will review the properties which may need to be condemned to see if the lines can be relocated to a property owner who would be willing to grant an easement.

Baker Sewer Project –We have received the Rule 42 from Michael Griffith for the Baker Sewer Project. The projected minimum sewer bill is \$39.00 for 3,000 gallons of water used. Logan Moyers reported that we are now ready to file a certificate case with WVPSC. Melvin Shook made a motion to file a certificate case with the WVPSC. Clyde See seconded the motion. It was unanimously approved. Logan Moyers provided an update on the property acquisition and easement status for the Baker Sewer Project. There are a total of twenty-one easements with nineteen different property owners. Seven have agreed to grant a sewer easement, six properties will need to be condemned, four are undecided and two have not been contacted. The only property acquisition is the grinding station located near E. A. Hawse Extended Care Facility. Thrasher is working to develop the plat and survey so that Tom Michael can prepare the deed. Clay Riley and Logan Moyers are meeting with the HCRDA Real Estate Committee to discuss the location of the sewer lines and access road to the sewer plant located in the Baker Industrial Park. Chester Funkhouser, a resident of Old Baker Road, who owns property that requires a sewer easement, attended the meeting to express his concerns. He is opposed to the project and feels that the HCPSD needs to work with the residents of Old Baker Road to minimize the negative impact of the sewer line construction to their property or cancel the project entirely. During discussion on the relevance of the project, Steve Williams with the Hardy County Board of Education noted that the East Hardy schools have only 10,000 gallons of water supply for their building's sprinkler system which equates to approximately 20 minutes maximum of fire suppression which is vastly inadequate for a building of that size. Clay Riley and Logan Moyers are scheduled to meet with the residents of Old Baker Road following this meeting in Baker to work to address any issues the residents might have regarding the sewer project. Robert Wilkins, who supports the project, was also in attendance to express his concerns about the proposed sewer line location on his father-in-law's property. Clay Riley and Logan Moyers are scheduled to meet with Mr. Wilkins and his father-in-law on site following this meeting to work to resolve any issues.

Caledonia Heights Sewer Project – Work is complete on this project and a walk through is scheduled following this meeting with the contractor to develop a final punch list. We have received a few minor restoration issues with some residents. We need to continue to work toward the completion of the transfer of Caledonia Heights Sewer to the Town of Moorefield. We are currently four weeks from the date of the WVPSC hearing. Pay Requisition #5 was presented for the project. Clyde See made a motion to approve Pay Requisition #5 as presented. Melvin Shook seconded the motion. It was unanimously approved. The Bill of Sale and the Assignments of Easements was also presented for approval. Clyde See made a motion to approve the Bill of Sale and the Assignment of Easements so that the Chairman can execute the transfer documents. Melvin Shook seconded the motion. It was unanimously approved.

Hardy County Complex Project – As reported at the last meeting, the State Fire Marshall's office is requiring an additional fire hydrant be installed at the new college facility before the facility can be opened to the public. HCPSD staff and an outside contractor are scheduled to install the hydrant tomorrow. The final punch list items will be reviewed this afternoon with the contractor so this project can be closed out. Once the project is complete and closed out, the HCPSD can make their request to use any remaining project money to purchase equipment.

WV Department of Agriculture MOU – Logan Moyers provided an amended memorandum of understanding between the WV Department of Agriculture (WVDA) and the HCPSD regarding the purchase of water in the event of an agriculture incident and/or emergency. There are still some items which need clarification from WVDA. Clyde See made a motion that the revised agreement be submitted to WVDA for their review and consideration and should they agree to our revisions, the document be executed. Melvin Shook seconded the motion. It was unanimously approved.

19A Rate Case – We received the recommended decision from WVPSC regarding our 19A Rate Case and are waiting for the final order. The new minimum bill will be \$30.93 and these rates will be in effect for our September billing cycle. The WVPSC is not requiring a public hearing.

NEW BUSINESS:

Church Road Extension Request – A request has been made for a mainline extension approximately 2,100' in length on Church Road to serve one additional residence. Logan Moyers is working to create a cost estimate which will be provided to the property owner. The property owner will then decide if he is willing to pay his portion of the cost estimate in order to construct the extension. If the property owner opts to pay his portion and construct the extension, the construction will be completed by the HCPSD staff who will need the assistance of an outside contractor.

MISCELLANEOUS BUSINESS:

Discussion was held regarding ways to lock fire hydrants and the cost estimate for such devices. Clay Riley will provide additional information at the next meeting. The HCPSD will determine the number of hydrants in the system so that a cost estimate can be determined.

Robert Wilt was present at the meeting to request information regarding possible ways to provide water service to a house he is interested in purchasing. This house is located in a subdivision in which the developer had requested to construct an alternate mainline extension several years ago. The developer, Steve Smith, agreed to construct the extension but failed to follow HCPSD guidelines for doing so, including allowing the HCPSD to complete inspection during construction. As a result of Mr. Smith's failure to adhere to HCPSD regulations the HCPSD would not allow the constructed extension to become part of the HCPSD system. Mr. Wilt has now requested to be allowed to use the improperly constructed extension as his private service line. Logan Moyers informed Mr. Wilt that the HCPSD had already been contacted by another property owner in the subdivision who also requested to use the line as their private service line. Logan Moyers informed Mr. Wilt that the HCPSD was not now nor would be at any time in the future agreeable to making the improperly constructed extension part of the HCPSD system. He also said the HCPSD did not care who used the line as their private service line so long as no more than one dwelling was being served by the line. The only option for all home owners within the subdivision to receive water service via the improperly constructed extension would be to form a homeowner's association for which a master meter would be installed where the extension connects to the HCPSD's mainline on Tanager Drive. The homeowner's association would receive one water bill and it would be the homeowner's joint responsibility to ensure that the bill is paid. Mr. Wilt will discuss these options with the adjacent property owners and respond to the HCPSD with their decision.

There being no further business, Clyde See made a motion that the meeting be adjourned at 11:35 a.m. The meeting was adjourned.

The next regular meeting of the HCPSD is scheduled for Wednesday, September 2, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on August 4, 2009. 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.

Hardy County Public Service District
Special Board Meeting Minutes
2094 US 220 South, Moorefield, WV
August 13, 2009
10:00 a.m.

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers and Connie Sherman

The meeting was called to order at 10:05 a.m.

The purpose of the special meeting is to finalize and close out the Caledonia Heights Sewer Extension Project and the Hardy County Complex Water Extension Project and to discuss the advertisements for public bids for the purchase of equipment as well as the proposed formation of a second public service district in Hardy County.

Caledonia Heights Sewer Project – The Certificate of Substantial Completion, Final Adjusting Change Order and Pay Requisition #6 were presented for the Caledonia Heights Sewer Project. Clyde See made a motion to approve the documents as presented and to authorize the Chairman to execute the documents for distribution. Melvin Shook seconded the motion. It was unanimously approved. This project is now closed.

Hardy County Complex Water Extension Project – The fire hydrant has been installed as required by the WV State Fire Marshall. Pay Requisition #3 was presented. Clyde See made a motion to approve the pay requisition as presented. Melvin Shook seconded the motion. It was unanimously approved. This project is now closed. There are approximately \$90,000.00 in grant funds remaining that were awarded by the WV Development Office (WVDO) for this project. The District would like to request to use these remaining grant funds to purchase equipment including a used dump truck, a new mini excavator, trailer, mole machine and other miscellaneous tools as funding permits. Because the mini excavator and dump truck will cost in excess of \$15,000.00 they must go through the public bid process. Logan Moyers presented a draft of the bid requests to be advertised in the Moorefield Examiner. Melvin Shook made a motion to approve the public bid advertisements for the dump truck and mini excavator as presented. Clyde See seconded the motion. It was unanimously approved. All bids received will be opened publicly as the next regular board meeting on September 2, 2009. Following the selection of the equipment and list will be forwarded to the WVDO for approval.

Moorefield Regional Sewer Project – There has been some discussion regarding the creation of a new sewer public service district for Hardy County as a result of the development of the Regional Sewer Project. The Town of Moorefield has filed a request with PSC to allow for discussion on the possible creation of a new sewer public service district during the Caledonia Heights PSC hearing scheduled for September 3, 2009. As a result of this request the Hardy County Commission (HCC) and Pilgrim's Pride Corporation, who is the County's largest wastewater user and who currently operates their own wastewater treatment plant, but intends to discontinue operation of that plant and become a customer of the Regional Sewer System, will

become parties in the PSC case for which the September 3rd hearing is being held. The creation of a new sewer public service district came about because the PSC has informed the parties involved in the Regional Sewer Project that they are opposed to the formation of a regional wastewater authority to govern the regional sewer system as had been planned due to the fact that no such authority exists in the State and that private entities such as Pilgrim's Pride would not be permitted to have a seat on a public wastewater authority. However, should a new public service district be formed, the HCC would have the authority to appoint a three member board which could consist of one representative each from the Town, County and Pilgrim's Pride. As proposed the District would continue to be the public water provider to the entire County but would only be the sewer provider for the east side of the County as the new public service district would be the sewer provider for west side of the County. Logan Moyers stated that he feels that the PSC will not be in favor of allowing the proposed new sewer public service district to serve only the western side of the County as the parties have requested. He believes that if created a new sewer public service district should serve the entire County rather than only a selected portion of the County. Moyers says he feels that should the PSC agree to the creation of a new sewer public service district it would be to serve the entire County resulting in two Hardy County Public Service Districts one being the Hardy County Water District and the other the Hardy County Sewer District. He recommended that should PSC agree to the County having separate County wide water and sewer public service districts, we should continue to work to construct the Baker Sewer Project and then transfer ownership of the project to the new sewer district upon completion. Following discussion, Clyde See made a motion that it is the District's position to support the creation of a new County wide sewer district so long as the newly formed sewer district provides sewer service to the entire County and the existing district stay the water provider to the entire County. Melvin Shook seconded the motion. It was unanimously approved. Logan Moyers will review the board's position with the District's attorney Tom Michael prior to the hearing on September 3rd.

There being no further business, Clyde See made a motion that the special meeting be adjourned at 10:35 a.m.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the special meeting held on August 13, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT

SEPTEMBER 2, 2009

10:00 A.M.

2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers, Chuck Ours, Kevin Markwood and Gail Pavan, HCPSD; Tom Michael, Attorney; Jean Flanagan, Media; Anna Marie Lantz, USDA-RUS; Stanley Moyer and J.R. Keplinger, Hardy County Commissioners; Debbie Miller Seabright, Tootie Miller, Connie Miller, Dennis Miller, Chester Funkhouser and David Hubbard, Guests.

The meeting was called to order at 10:05 a.m. Clyde See made a motion to approve the minutes of the August 4, 2009 regular board meeting as submitted. Melvin Shook seconded the motion. It was unanimously approved.

HCPSD Equipment Bid Opening – The HCPSD received public bids for a mini excavator and a dump truck. Only one bid was received for the dump truck. A bid from Jarco Enterprises in the amount of \$20, 917.46 for a 2000 Freightliner Dump Truck was accepted by the HCPSD. Three bids were received for the mini excavator. Tri County Tool Rental bid was \$45,900.00 for a Takeuchi TB153FR Mini Excavator; James River Equipment Company bid was \$35,499.00 for a John Deere 35D Mini Excavator; Leslie Equipment Company bid was \$45,974.44 for a John Deere 50D Mini Excavator. The bid from James River Equipment Company was rejected due to not meeting advertised specifications making Tri County Tool Rental the lowest bidder. Tri County Tool Rental's bid of \$45,900.00 was accepted by the HCPSD. The purchase of this heavy equipment, as well as other small miscellaneous equipment is contingent upon the approval of the use of the remaining grant funds from the Hardy County Complex Project. The request to use the remaining funds has been submitted to the WVDO and we hope to receive approval by next month's regular board meeting.

Baker Water Project – Logan Moyers provided an update regarding the Baker Water Project. EDA contacted us this week and requested additional information regarding our pending grant application. It is hoped that EDA will announce the award of our new grant no later than September 30, 2009. The HCPSD also submitted a request to EDA for reimbursement on expenses incurred as part of the \$1.5 million grant that was terminated for convenience. It may be necessary to hold a special meeting this month if the grant is approved so that new grant documents can be executed, the prior grant can be officially terminated and the EDA reimbursement can be approved. Logan Moyers reported that the WVPSC certificate case filing for this project should occur in the near future. Once the filing is made the 270 day maximum review period of the WVPSC will begin. Logan Moyers was contacted by a representative from the Appalachian Regional Commission (ARC) regarding the \$500,000 grant for this project and was informed that the ARC grant is contingent upon the \$1.5 million EDA grant. If the \$1.5 million grant is terminated, as planned, the \$500,000 ARC grant will also be terminated. ARC did give us the option to reapply for grant funds as we have done with EDA. However, following discussion it was agreed that due to the expected increase in the EDA grant funds, we do not feel that it is necessary to seek further grant funds from ARC for this project. Clay Riley was asked to provide the board with an estimate of the expenses related to the state health department required pilot testing of the proposed water plant. Clay Riley informed the board that the health department would not have issue with delaying the testing until October or November 2009. He also estimated that there will be approximately \$75,000.00 in expenses associated with the initial set up of the pilot testing facility, as well as testing and laboratory costs. Discussion was held regarding the compensation for HCPSD employees conducting the pilot testing during non scheduled work hours. Following discussion it was decided if the employee is conducting the testing at any time during a regularly scheduled work day, they will

receive compensatory time at a rate of 1-½ hours per each hour worked in excess of the regular work day. If an employee is conducting the testing on a weekend, holiday or any other scheduled day off, they will receive overtime pay at a rate of 1-½ hours for each hour worked, not to exceed three (3) hours per day. Clyde See made a motion that the HCPSD employees conduct the pilot testing at a rate of time and a half for any time worked in addition to the regular thirty-five (35) hour work week outside of normal scheduled working days. Melvin Shook seconded the motion. It was unanimously approved. Logan Moyers provided an update regarding the Baker water easements. He has contacted all property owners and has received some executed agreements. It appears as though we can acquire most of the necessary easements without condemnation. We continue to work to secure all necessary easements and hope to have determined all easements which will need to be acquired via condemnation in the coming weeks so that we can begin and proceed with the condemnation process.

Baker Sewer Project –Logan Moyers reported that we are moving forward regarding the filing of a certificate case with WVPSC. Once the filing is made the 270 day maximum review period of the WVPSC will begin. Logan Moyers provided an update on the property acquisition and easement status for the Baker Sewer Project. We hope to have determined all easements which will need to be acquired via condemnation in the coming weeks so that we can begin and proceed with the condemnation process. Clay Riley and Logan Moyers met with residents of Old Baker Road following last month’s meeting to address issues the residents had regarding the sewer project. Following the meeting, Thrasher Engineering is working to move the line where feasible to lessen the impact on properties and will provide estimates at next month’s meeting. Connie Miller, Debbie Miller Seabright, David Hubbard and Chester Funkhouser, residents of Old Baker Road, spoke in opposition of the project due to several topics including mandatory connection, line location, and need for the project. County Commission President Stanley Moyer reiterated that the HCPSD will review line locations and determine if changes can be made that would lessen the impact on affected properties. Clyde See responded that the HCPSD was created to expand water and sewer service for public benefit and that in doing so sometimes people won’t agree with what we are doing but we believe it is our job to expand water and sewer service with the funds that are available to us for the overall benefit of the area. He closed with the statement that the HCPSD believes this is a good project for the general public, the HCPSD has worked on this project for years and will proceed with its completion if we obtain funding.

Condemnation Process – Tom Michael provided a brief summary of the processes involved with the condemnation of property for the installation of the main water and sewer lines. First the HCPSD must hire an appraiser and send notice to the property owner of the date and time that the appraisal will be conducted so that property owners can accompany the appraiser if they prefer. Once the appraisal is complete, the HCPSD will send the property owner a copy of the appraisal and offer to purchase the necessary property at the appraised price. At that point, the property owner can accept the HCPSD’s offer or opt to have the cost to acquire the appraisal determined in a court of law. Once a condemnation case has become a court proceeding, the court will grant the HCPSD the right of entry so that the project can move forward to construction. Logan Moyers questioned if the HCPSD is required to make an offer following completion of the appraisal but prior to any court proceedings. Moyers stated that if the HCPSD must offer payment prior to any court proceedings all property owners would likely request an appraisal be performed so that they could receive payment for their easement without any cost or effort on their part. Tom Michael informed that when using federal funds as part of any project, the HCPSD would be required to make an offer to the property owner based on the appraisal prior to any court proceedings, however that is not a requirement when using only non-federal funds. Tom Michael also informed the board that there is no reason to move forward in conducting the appraisals if the HCPSD does not yet have project funds in place to acquire the easements. Clyde See stated that prior to any court proceedings the HCPSD must pay to the court the easement value as determined by the

appraisal. This means that the HCPSD must have funds available to secure the necessary easements before beginning the condemnation process.

Caledonia Heights Sewer Project – This project is now complete, all the closing requirements have been satisfied so that the closing can be completed in the near future. We continue to work to complete the transfer of the system to the Town of Moorefield. The remaining items needed to finalize the transfer cannot be completed until project closing has been finalized. A WVPSC status hearing is scheduled for tomorrow in Charleston, WV to inform the WVPSC of the progress in getting the system transferred. Also to be presented at the hearing is the Town of Moorefield, Hardy County Commission and Pilgrim's Pride's request to create a new sewer public service district in Hardy County for the purpose of owning and operating the proposed Regional Wastewater Facility. The HCPSD board reiterated their support of the creation of a new public service district that would provide sewer service only. However, the HCPSD's position is that the new sewer public service district should have county wide jurisdiction rather than serving only a selected portion of the county.

Hardy County Complex Project – This project is fully complete and all closing requirements have been satisfied. The final pay requisition has been submitted along with the HCPSD's request to use remaining grant funds for the purchase of equipment. We hope to receive approval to use the remaining funds prior to next month's meeting.

MISCELLANEOUS BUSINESS:

As requested, Clay Riley provided information on two devices which are used to lock fire hydrants. Both options cost approximately \$110.00 per hydrant locking device. The HCPSD board requested to have sample devices available for review at next month's meeting.

WV Department of Agriculture MOU – Logan Moyers provided an update regarding the memorandum of understanding between the WV Department of Agriculture (WVDA) and the HCPSD for the purchase of water in the event of an agriculture incident and/or emergency. Chairman Gapp executed the final document as agreed upon by both agencies. The document will be forwarded to WVDA for execution.

Logan Moyers reported that the annual West Virginia Rural Water Conference will be held at Snowshoe Mountain from September 13 – 16, 2009. Logan Moyers, Connie Sherman and Chuck Ours will be attending.

There being no further business, Clyde See made a motion that the meeting be adjourned at 11:35 a.m. The meeting was adjourned.

The next regular meeting of the HCPSD is scheduled for Wednesday, October 7, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on September 2, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT
OCTOBER 7, 2009
10:00 A.M.
2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers, Chuck Ours, Kevin Markwood and Connie Sherman, HCPSD; Clay Riley, Thrasher Engineering; Jean Flanagan, Media; Anna Marie Lantz, Randy Plum and Joe Crickenberger, USDA-RUS; Steve Davis and Chester Funkhouser, Guests.

The meeting was called to order at 10:05 a.m. Clyde See made a motion to approve the minutes of the September 2, 2009 regular board meeting as submitted. Melvin Shook seconded the motion. It was unanimously approved.

Baker Water Project – Logan Moyers provided an update regarding the Baker Water Project. We received notification of the approval on our \$3.748 million grant application from federal EDA. These grant funds are part of the American Recovery and Reinvestment Act (ARRA). Receipt of this grant means that the Baker Water Project is now fully funded and that we have no time frame issues with completion of the project. It may be necessary to hold a special meeting this month so that new grant documents can be executed and the prior grant can be officially terminated. There has been a question regarding the percentage of loan versus grant for this project. According to USDA-RUS requirements, no more than 45% of the project can be funded with RUS grant money. Currently this project is funded with 45.8% RUS grant. Anna Marie Lantz calculated the portion of RUS grant that would need to be de-obligated to get within the 45% requirement as \$156,000, thereby reducing the RUS grant from \$4,565,000 to \$4,409,000 and the overall project budget from \$9,954,250 to \$9,798,250. Randy Plum recommended waiting until the project is bid and project costs are known to determine how the HCPSD will go about getting within the 45% requirement. Clay Riley is working to revise and update the cost estimates for this project to ensure that the estimated cost of the project is accurate and within the project funding. Randy Plum stated that if the overall project cost turns out to be less than the amount of funding in place, RUS would be willing to allow the HCPSD to purchase other items such as heavy equipment and/or additional property surrounding the HCPSD office as long as the RUS grant funds do not exceed the 45% requirement. Logan Moyers reported that the WVPSC certificate case filing for this project should occur in the near future. Logan will contact Tom Michael to determine what must still be accomplished prior to filing our certificate case with WVPSC. Since the Baker Project is now funded in part with ARRA money the WVPSC will fast track the certificate case. Clay Riley provided the board with a cost estimate of approximately \$130,000 for the expenses related to the required pilot testing of the proposed membrane filtration water plant. Clay Riley informed the board that the health department would not have issue with delaying the start of the testing until November 2009 to be completed in February or March 2010. Now that all funding is secured for the Baker Water Project, Clyde See made a motion to proceed with the pilot testing of the membrane filtration water plant. Melvin Shook seconded the motion. It was unanimously approved. Mr. See questioned if the pilot testing showed potential negative issues with the membrane filtration, could the HCPSD decide to go with a different type of filtration or would it be too late? Clay Riley informed that if the pilot testing revealed any issues with membrane filtration it would not be too late to go with a different filtration method. Randy Plum questioned if the water plant would be designed in a way that will allow conventional filtration methods to be used initially

with the ability to add membrane filtration once advanced filtration becomes necessary. Clay Riley stated that while it is typically possible to do so it may not be feasible in this situation because the plant site may not allow for construction of the large plant that would be required to allow for multiple types of filtration and it may be too cost prohibitive in this instance. Mr. Riley stated that membrane filtration was selected as the filtration method due to the water source being an impoundment that is surrounded by farm pasture fields which make compliance with the stringent health department disinfectant by-product rule requirements difficult. Mr. Riley feels those requirements could not be met with conventional filtration and that if they somehow were met through conventional filtration the expenses associated with operation and maintenance would outweigh the costs associated with membrane filtration. Randy Plum stated that while RUS understands membrane filtration may be best suited in this instance they are opposed to membrane filtration because of significant operation and maintenance costs and requirements that are often too overwhelming for smaller rural water systems to handle, however RUS will ultimately support the HCPSD board's decision on the type of filtration method to be used. Clyde See stated that the HCPSD board has recently had long, detailed discussions on what type of filtration method will be used and that the HCPSD understands that the replacement cost of membrane filters is very expensive (approximately \$75,000 - \$100,000 every 5 to 10 years.) Mr. See also stated that during those discussions on filtration methods, Thrasher representatives informed the board that membrane filtration would be more economical than conventional filtration methods over the 'long haul.' Mr. See went on to state that it was his understanding that the HCPSD would be setting aside money on a monthly basis for the purpose of purchasing replacement membrane filters. Logan Moyers will contact Michael Griffith to confirm that adequate monies are being set aside for the purchase of replacement membrane filters. If it is determined that adequate funds are not being set aside to cover the replacement costs of the membrane filters, Michael Griffith will have to revise the Rule 42 for this project so that adequate funds are being set aside. Logan Moyers provided an update regarding the Baker water easements. As it currently stands, of the eleven total easements, four have been executed, three have agreed to execute, two are undecided, one is waiting for a revised line location and one will need to be condemned. Melvin Shook asked about the status of the revised line location. Clay Riley reported that the revised design is complete for the Jacques/Kidwiller Property and we will be receiving the map once he returns to his office. Clyde See instructed the general manager that although there are currently no expiring time limits on the expenditure of the funds for this project, to continue to push engineering, legal, accounting, etc. to do what needs to be done in order to get this project to construction without further delays. He also made a motion to authorize the general manager and field staff persons to visit other water plants that have conventional filtration methods as well as those with membrane filtration to find out the similarities and differences compared to our situation so that we can make an intelligent decision as to the type of filtration system we will ultimately use. Melvin Shook seconded the motion. It was unanimously approved.

Baker Sewer Project –Pay Requisition #1 was presented for the Study and Report Phase of the Baker Sewer Project. Melvin Shook made a motion to approve the pay requisition as presented. Clyde See seconded the motion. It was unanimously approved. Logan Moyers reported that the WVPSC certificate case filing for this project will occur once several remaining issues are resolved including the finalization of the proposed line and sewer plant access road relocations as well as securing all necessary funding for the project. Logan will contact Tom Michael to determine any additional items that still must also be accomplished prior to filing our certificate case with WVPSC. Logan Moyers provided an update on the property acquisition and easement status for the Baker Sewer Project. Currently of the twenty-

one easements needed, seven have been executed, one has agreed to execute, six are waiting on revised line locations, and seven will need to be condemned. Thrasher Engineering has provided drawings and cost estimates of the line relocation for review by the HCRDA at their next meeting scheduled for October 29, 2009. Thrasher Engineering must also provide drawings and cost estimates of the proposed access road relocation for review by the HCRDA at their October meeting. Logan Moyers will attend this meeting to answer any questions that may come about following review of the drawings. Once line and access road locations have been finalized the HCPSD can work to secure the six easements which are waiting for line locations to be finalized and can pursue additional funding if necessary. Clay Riley reported that WVDOH has reviewed the Baker Sewer plans and has requested two minor changes that Thrasher will address and submit to WVDOH for further review. Chester Funkhouser, resident of Old Baker Road, was present at the meeting and presented several questions he had concerning this project. Steve Davis, speaking on behalf of Dean Miller, another resident of Old Baker Road, also had a list of brief questions he proposed on behalf of Mr. Miller. Mr. Davis stated that he had spoken with WVDOH representative, Tom Caldwell, who stated he had attempted to meet with the HCPSD representatives but has not been successful in doing so. Clyde See stated that at no time has the HCPSD ever denied meeting with anyone regarding this or any other project. Clyde See made a motion that the general manager respond to Tom Caldwell and Dean Miller in writing and state that the "HCPSD board has listened to their surrogates and if they have genuine concerns that they want to express, we invite them to appear before this board to discuss them. We have tried to accommodate land owners anywhere and everywhere that we can." He continued to say that the lines have been located where they are based upon the WVDOH's requirements as well as engineering factors that control where lines can be located. Melvin Shook seconded the motion. It was unanimously approved. Logan Moyers addressed all questions and agreed to speak with both Mr. Davis and Mr. Funkhouser following the meeting to address their concerns in further detail.

Caledonia Heights Sewer Project – This project is now fully completed and the transfer to the Town of Moorefield is being finalized. A status hearing with the WVPSC was held to update our progress on completing the transfer. The WVPSC was satisfied with the progress that has been made to this point on the transfer requirements. The HCPSD is working with HCPSD bond counsel, John Stump, to execute the remaining documents and finalize the transfer process. Mr. Stump has indicated that it may be necessary to hold a special meeting during the last week of October in order to do so. In addition to the Caledonia Heights System Transfer, the creation of a new sewer-only public service district was also discussed at the hearing. The HCPSD's position was that any new sewer public district that is created should have county-wide sewer service territory rather than serving only a selected portion of the county. We will submit a filing to the WVPSC detailing our position and will expect a response from the WVPSC in the coming weeks.

Hardy County Complex Project – This project is complete. We received word from the West Virginia Development Office (WVDO) that our request to use remaining grant funds from this project for the purchase of equipment had been denied. We are currently working to persuade the WVDO to reconsider our request and allow for the purchase of the much needed equipment.

MISCELLANEOUS BUSINESS:

It was decided to table the HCPSD board's review of the two types of fire hydrant locking devices until next month's meeting.

EXECUTIVE SESSION:

Logan Moyers requested that the board enter into executive session to discuss a financial matter pertaining to the estimated costs associated with the proposed line relocations on the Baker Sewer Project. Clyde See made a motion to go into executive session. Melvin Shook seconded the motion. It was unanimously approved. During executive session, the board discussed if relocating sewer lines to accommodate property owners which will significantly increase the cost of the project and in turn increase individual rates to all customers was in the best interest of the HCPSD. Doing so would require additional funding be sought which would further delay the onset of this project. It was also discussed that it is a strong possibility that a new sewer-only public service district may be formed in Hardy County and ultimately that public service district would become the owners and service providers of the Baker sewer system once it is constructed. The board pondered if it would be in the best interest of the HCPSD to forego construction of this project and allow the new public service district to construct this project at a later date. The board opted to await WVPSD's decision on the creation of a new sewer only public service district before officially acting on this matter.

There being no further business, Clyde See made a motion that the meeting be adjourned at 11:30 a.m. The meeting was adjourned.

The next regular meeting of the HCPSD is scheduled for Wednesday, November 4, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on October 7, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT
NOVEMBER 4, 2009
10:00 A.M.
2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers, Chuck Ours, Kevin Markwood and Connie Sherman, HCPSD; Jean Flanagan, Media; Debbie Miller and G. Phillip Miller, Guests.

The meeting was called to order at 10:10 a.m. Clyde See made a motion to approve the minutes of the October 5, 2009 special board meeting and the October 7, 2009 regular board meeting as submitted. Melvin Shook seconded the motion. It was unanimously approved.

Baker Water Project – Logan Moyers provided an update regarding the Baker Water Project. We received notification of approval for our \$3.748 million grant from federal EDA and need to execute the Financial Assistance Award form. These grant funds are part of the American Recovery and Reinvestment Act (ARRA). Clyde See made a motion to authorize the Chairman to sign the grant award documents. Melvin Shook seconded the motion. It was unanimously approved. Logan Moyers attended a meeting with the project engineer and accountant to review project costs to ensure that the Rule 42 included the necessary funds for the hiring of an additional staff person and for the purchase of replacement membrane filters at the water plant. Project accountant, Michael Griffith, will amend the Rule 42 as needed to include these costs. Guests, Phillip Miller and Debbie Miller, questioned what customers would be responsible for covering these costs. Mr. Miller was under the impression that Baker area water customers of the HCPSD would bear the burden of all costs associated with the Baker plant and additional staff person. Logan Moyers informed Mr. Miller that all HCPSD water customers will have an equal share in all costs associated with the Baker Project. Logan Moyers stated that the proposed minimum rates for water may rise from approximately \$36.00 per month to roughly \$37.00 per month, however the actual rate won't be determined until Mr. Griffith has revised the Rule 42. There has been no new information regarding our pending EDA reimbursement request. We have submitted all necessary documentation which has been received to date, however it is our understanding that additional documents are forthcoming that should finalize this drawdown process and allow us to be reimbursed for incurred project costs associated with the now de-obligated \$1.5 million grant. Logan Moyers informed the board that we are getting closer to a PSC certificate case filing for this project. He stated that one major issue that must be completed prior to filing is to revise the project budget to reflect accurate costs including construction, operation and maintenance, administration, professional services, etc. Logan Moyers will meet with project engineer, Clay Riley, in the coming weeks to finalize these budget revisions. Moyers informed the board that once the certificate case has been filed, WVPSC will review the case on an expedited schedule due to the fact that this project is funded with ARRA funding. Logan Moyers provided an update on the required water plant pilot testing. The pilot test plant has been constructed and is now being tested. Once testing is complete, the plant will be shipped to the future site of the Baker water plant. Prior to the arrival of the pilot testing plant, the HCPSD must complete some site development work to accommodate the testing facility. This work will begin in the very near future in order to prevent any delays once the testing facility has arrived. Costs associated with the pilot testing will be funded by the \$750,000 professional services loan for this project which was secured during the South Fork Project closing. Logan Moyers provided an update regarding the Baker water easements. As it currently stands, of the eleven total easements, four have been executed, three have agreed to

execute, three are undecided and one will need to be condemned. Moyers noted that all easements on the Marvin Chapel portion of the project have been executed and secured.

Baker Sewer Project –Logan Moyers reported that the Baker Sewer Project is currently at a stand-still pending the line location revisions as requested by the HCRDA. If it is determined that the lines do need to be relocated the project cost will be increased significantly. Logan Moyers and Clay Riley had requested to be on the HCRDA's October board meeting agenda to discuss the potential line relocations and cost estimates relating to the HCRDA's Baker Industrial Park. Mr. Moyers was informed by Mallie Combs-Snyder, the executive director of the HCRDA, one day prior to the October meeting that he and Mr. Riley would not be placed on the agenda for the meeting. In an email to Mr. Moyers, Ms. Combs-Snyder states that after reviewing the information regarding the proposed line relocations, it was decided to not place he and Mr. Riley on the agenda for the meeting. The fact that the HCRDA refused Mr. Moyers and Mr. Riley's participation at the meeting results in further delays in moving this project toward a WVPSC certificate case filing. The HCRDA has recently informed the HCPSD that HCRDA engineers will be reviewing the Baker Sewer Project plans and revising them in such a way to satisfy the HCRDA. Mr. Moyers will now once again attempt to review the line relocation information with the HCRDA as soon as possible so that this project can move forward. The HCPSD Board questioned if the HCPSD had the legal right to condemn property within the Baker Industrial Park in order to move the project forward. Mr. Moyers informed the Board that he had looked into the possibility of doing so and learned that condemnation of a government entity was not permitted under WV law. HCPSD Board Chairman, Matthew Gapp, questioned what impact the potential creation of a new sewer-only public service district would have on this project. Mr. Moyers informed the board that if the proposed sewer-only PSD is created and they have county-wide jurisdiction they would likely assume ownership of the Baker Sewer system once completed. He went on to say that if it is determined that a county-wide sewer-only PSD will be created the HCPSD would need to consider if it would continue with the Baker Sewer Project. Mr. Moyers said it may not be sensible for the HCPSD to construct a project that would be turned over to another utility once completed because the HCPSD would endure the burden of project development and construction without seeing any benefit once completed. Another issue would be that the HCPSD will design the system to HCPSD specifications and preferences and the utility that would assume the project would likely prefer to design and build the project from start to finish ensuring their familiarity with the system as well as constructing the system according to their preferences. Another issue that will need to be considered when determining if the HCPSD will proceed with this project is the proposed line relocations. Should all proposed line relocations take place the cost of the project could increase by several hundred thousand dollars meaning that additional funding would need to be secured thereby increasing sewer rates. Once these questions have been answered the HCPSD will consider all issues involved before determining how or if we will proceed with this project. Guest Debbie Miller had numerous questions pertaining to the status of this project. Mr. Moyers addressed Ms. Miller's questions until Board Member Clyde See intervened and stated that any additional questioning would need to take place following the meeting so that the HCPSD can adhere to Robert's Rules of Order as it pertains to board meeting agendas. Logan Moyers provided an update on the property acquisition and easement status for the Baker Sewer Project. Mr. Moyers stated that nothing new had occurred relating to securing the remaining easements. He said that no more progress can be made in securing the remaining easements until the possible line relocations have been finalized. Board Member See questioned if the line relocations do not take place would it increase the number of condemnations. Logan Moyers answered that currently there are seven condemnations as the line is currently proposed. Without line relocations this number could increase to possibly eight or nine condemnation cases.

Caledonia Heights Sewer Project – Work continues on finalizing the transfer of the Caledonia Heights Sewer System to the Town of Moorefield. The HCPSD is working with HCPSD bond counsel, John Stump, to execute the remaining documents needed to finalize the transfer process. This will probably involve the need to hold a special meeting later in the month. Logan Moyers stated that the HCPSD has done everything it needs to do in order to finalize the system transfer and that once all documents have been executed the only remaining step in the transfer process will be for Mr. Stump to record the transfer documents with the proper state agencies so that the transfer will officially be complete. The board discussed the fact that this transfer needs to occur quickly as the HCPSD sewer revenue is quickly diminishing due to the board's decision not to raise the rates to Caledonia Heights' customers upon completion of the Caledonia Heights Sewer Project. Mr. Moyers will contact Mr. Stump to make sure that the transfer can be completed before the HCPSD's sewer revenue is completely depleted.

Sewer-Only Public Service District – Logan Moyers informed that board that a filing was made with the WVPSC stating this PSD's position that should a new PSD be created, the service territory of the new sewer PSD should encompass the entire county meaning Hardy County would then have two PSDs, one for water only and one for sewer only. This would not involve in any way the Town of Moorefield or the Town of Wardensville's existing systems. The Board questioned what the response of the WVPSC's staff was to the proposal of a new sewer-only PSD. WVPSC Staff had issue with the proposal regarding Pilgrims Pride's involvement on the board of the new PSD due to the fact that they have a pecuniary interest. We should receive a ruling from the WVPSC in the coming weeks detailing their position and concerns pertaining to the creation of this new sewer-only PSD.

Cross Connection & Backflow Prevention Policy – Logan Moyers informed the board that the HCPSD is required by West Virginia Legislative Rule 64CSR15 to create and enforce a Cross Connection & Backflow Prevention Policy and that the HCPSD had drafted a policy for the board's review. The Office of Environmental Health Services, Environmental Engineering Division will actively ensure that all state of West Virginia public water systems have and maintain a Cross Connection & Backflow Prevention Program. All public water systems must protect its drinking water distribution systems since it can be held liable in the event of a backflow incident. This policy will require the installation of devices that will prevent backflow from an individual's private water system from entering the public water system. Emphasis is being placed on commercial and industrial customers at this time but eventually all customers will be surveyed to determine if a device is needed. It is the responsibility of the individual customer to have the device installed, to keep it in working order, to have it tested yearly and to provide a copy of the passing test results to the office of the HCPSD at their expense. Board member Clyde See expressed concerns regarding the expense of this program on our customers. He asked who was requesting that the policy be enforced and if any funding exists to fund the development of the program. A draft of the policy was presented for review by the HCPSD board. Logan Moyers stated that it is very important that the HCPSD approve this policy because we were noted in our most recent Sanitary Survey that not having this policy in place results in a significant deficiency in our public water system. It is important to note that simply having the policy in place and not implementing it annually and keeping it current will not satisfy the requirements of the State Code. Melvin Shook asked that approval of this policy be tabled for discussion at the next meeting to give the board time to review the policy in more detail.

MISCELLANEOUS BUSINESS:

Equipment Purchase Request – The West Virginia Development Office (WVDO) has granted our request to use remaining grant funds from the Hardy County Complex Water Extension Project for the purchase of construction equipment. We are currently working through the drawdown process in order to receive the funds and purchase the much needed equipment.

Mountaineer Flexible Benefits Plan – A Joinder Agreement between the HCPSD and Flexible Benefits Management Company was presented which would allow employees of the HCPSD to purchase additional health care benefits. No costs associated with participation in this program would be funded by the HCPSD. All premiums would be deducted from the individual employee checks and payments would be made through WVPEIA. Clyde See made a motion to authorize Chairman Gapp to sign the Joinder Agreement to allow the employees to participate in the flexible benefits plan if they choose. Melvin Shook seconded the motion. It was unanimously approved.

Fire Hydrant Locks - Due to the absence of Clay Riley, our engineer, the HCPSD board's review of fire hydrant locking devices will be tabled until next month's meeting.

Christmas Lunch - The HCPSD annual Christmas lunch was scheduled to held following the regular December board meeting. Clyde See authorized Connie Sherman to organize and make arrangements for this lunch to be held at O'Neill's Restaurant.

There being no further business, Clyde See made a motion that the meeting be adjourned at 11:10 a.m. The meeting was adjourned.

The next regular meeting of the HCPSD is scheduled for Wednesday, December 9, 2009, 10:00 a.m. in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia. A Christmas lunch will be held at O'Neill's Restaurant, North Main Street, Moorefield, beginning at 12:30 p.m. for board and staff members and guests.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on November 4, 2009. 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.

HARDY COUNTY PUBLIC SERVICE DISTRICT
DECEMBER 9, 2009
10:00 A.M.
2094 US 220 South, Moorefield, West Virginia

Present: Matthew Gapp, Clyde See, Melvin Shook, Logan Moyers, Chuck Ours, Kevin Markwood and Connie Sherman, HCPSD; Jean Flanagan, Media; Clay Riley, Project Engineer, Anna Marie Lantz, USDA-Rural Development and Mark Sterling, HD Supply.

The meeting was called to order at 10:05 a.m. Melvin Shook made a motion to approve the minutes of the November 4, 2009 regular board meeting as submitted. Clyde See seconded the motion. It was unanimously approved.

Election of HCPSD 2010 Officers – Clyde See made a motion to retain the current HCPSD officers for the 2010 calendar year. Melvin Shook seconded the motion. It was unanimously approved. The HCPSD officers are Matthew Gapp, Chairman; Melvin Shook, Vice-Chairman; Connie Sherman, Secretary/Treasurer.

Baker Water Project – Logan Moyers provided an update regarding the Baker Water Project. It is very important that the PSC filing for this certificate case be made in the month of January to meet the project schedule that was provided to EDA. Clay Riley needs to update both the project budget and the Preliminary Engineering Report and Michael Griffith needs to update the Rule 42 prior to the filing. Once the case is filed, it will be on a 180 day time schedule for WVPSC review and approval due to the fact that the project is funded in part with ARRA funds. Clay Riley presented an updated project schedule and reviewed the status of the schedule. The pilot plant testing facility is scheduled to arrive on site either in the days prior to or right after Christmas. The HCPSD has started to prepare the site for the testing facility and is scheduled to install the necessary piping next week to be ready for the delivery of the test plant. The costs associated with the pilot testing will be funded by the professional services loan associated with this project. It was discovered during the process of preparing the pilot testing site that an additional easement will need to be secured. Logan Moyers will contact the property owner and does not anticipate any issues with securing this easement. There is no new information regarding the status of our EDA reimbursement request. We will work with Region VIII to find out the status of this request prior to next month's meeting.

Baker Sewer Project - The Baker Sewer Project remains at a stand-still until proposed line location revisions, as requested by the HCRDA, have been finalized. Currently the HCPSD is waiting to discuss the proposed line relocations with the HCRDA. In late October the HCRDA executive director had informed the HCPSD that the HCRDA would review the proposed line relocations and contact the HCSPD for discussion. It has been nearly two months and the HCPSD has received no word from the HCRDA concerning line relocations for this project. The HCPSD Board questioned why the HCRDA appears to be opposed to having public utilities in the HCRDA's Baker Industrial Park. Discussion ensued on this matter and it was theorized that the primary goal of the HCRDA's executive director and a portion of the HCRDA Board is to obstruct and hinder the HCPSD's progress on this and other projects rather than to keep public utilities from being available in the Baker Industrial Park. Discussion also occurred regarding the intercepted letter that was printed in the Moorefield Examiner from the engineering firm that was hired by the HCRDA to review Thrasher Engineering's design of the Baker Sewer Project. The intercepted letter stated that the HCRDA could construct the project and use HCRDA preferred line locations at the same cost or less. Logan Moyers pointed out that while the construction cost may very well be the same or less than the construction costs developed by the HCPSD the life-

cycle cost associated with the lift and grinding stations included in the HCRDA's proposal would result in continuing significant costs for as long as the system operates. The HCPSD Board questioned why the HCRDA would hire an engineering firm to analyze a project which is being handled and constructed by a separate utility. Logan Moyers will contact the HCRDA again to try to obtain information regarding the line location revisions as proposed by the HCRDA. Because there has been no response from the executive director, the HCPSD Board instructed Mr. Moyers to contact the HCRDA Chairman and the members of the Real Estate Committee in an effort to move this matter forward. The HCPSD Board also requested that alternative locations for the Baker sewer plant be developed so that the Baker Industrial Park and the problems associated with the HCRDA could be avoided all together if necessary. Logan Moyers also discussed how the proposed creation of a new sewer-only PSD in Hardy County could affect this project. He explained that if created, the new PSD's service territory would either be comprised of the entire County or the immediate Moorefield area only. If a new sewer-only PSD is created and its service territory encompasses all of Hardy County it would likely result in the termination of this project because the HCPSD would no longer be a sewer provider and it would be senseless for the HCPSD to construct this project which would be turned over to the new PSD upon its completion. Logan Moyers had no new information regarding the property acquisition and easement status for the Baker Sewer Project. This project hinges heavily on both the pending line relocations and the WVPSC's decision to create a new sewer-only County-wide PSD.

Sewer-Only Public Service District – Logan Moyers informed the board that the HCPSD submitted a PSC filing stating our position that should a new PSD be created to provide sewer service, the service territory should encompass all of Hardy County. At this time there is no new information regarding a decision from the WV PSC.

Cross Connection & Backflow Prevention Policy – A Cross Connection & Backflow Prevention Policy has been drafted and was distributed in the board meeting packets. Logan Moyers researched the rule following questions from last month's meeting and was able to obtain information regarding the consequences of not adopting a Cross Connection & Backflow Prevention Policy. "Those public water systems failing to comply with WV Legislative Law 64CFR15, which requires all public waters systems have a cross connection and backflow prevention policy, will be subject to Notice of Violations, Administrative Orders, US Environmental Protection Agency sanctions and other administrative and punitive actions." To date, we have received a significant deficiency notice on our most recent sanitary survey due to not having and enforcing an approved policy. Logan Moyers provided an overview of how the Cross Connection & Backflow Prevention Program will work. He stated that a survey will be conducted and a determination will be made by the HCPSD office if the premises needs a backflow prevention assembly or assemblies based upon the degree of hazard and existing or potential cross connections. The HCPSD will then contact the owner in writing and will provide additional information on the required device, if any. The letter will also explain that the property owner has ninety (90) days to have the required device installed and in working order. After the ninety (90) day time period, the HCPSD will visit the premises to ensure that the device was installed. If the device is not installed or is not working properly, the property owner can request a time extension, in writing, which could provide an additional thirty (30) days. If the device is not installed at this point, water service will be terminated. The HCPSD is working with local persons to become State certified testers and will work with a local vendor to keep the necessary device(s) in stock. The HCPSD Board expressed concern regarding the burden and the potential costs that customers who are required to install a backflow devices will incur. Following discussion, Clyde See made a motion that the Cross Connection and Backflow Prevention Policy be placed in affect. Melvin Shook seconded the motion. It was

unanimously approved. Clyde See made a motion that all commercial and industrial customers be surveyed first. Melvin Shook seconded the motion. It was unanimously approved. Clyde See made a motion that no residential customers' water service be terminated under this policy without approval of the HCPSD board. Melvin Shook seconded the motion. It was unanimously approved.

Architect and Engineering Services Procurement Policy – A draft Architect and Engineering Services Procurement Policy was provided in the board meeting packet. This policy is a requirement for recipients of ARRA funding and must be in place when architect or engineering services are needed in the future for any new project. Upon Tom Michael's review of the proposed policy he suggested that the following statement be added: In special circumstances for projects estimated to cost less than \$250,000.00 and it is the opinion of the board that seeking competition is not practical, the HCPSD can select an architect or engineering firm on the basis of previous satisfactory performance and familiarity with the system. Clay Riley asked if the HCPSD had included the requirements for Disadvantaged Business Enterprises. Logan Moyers stated that this policy was written to encompass the requirements for all programs including West Virginia Code 5G and the Disadvantaged Business Enterprises requirements. Following discussion, Melvin Shook made a motion to accept the policy as presented to include the suggested revised language. Clyde See seconded the motion. It was unanimously approved.

HCPSD Employee Manual Updates & Revisions – Logan Moyers provided a copy of the 2009 HCPSD Employee Manual Updates and Revisions. Any necessary revisions to the HCPSD Employee Manual that are realized during the calendar year are included in the yearly revision to the Employee Manual which occurs each December. Following discussion, Clyde See made a motion that the revisions to the HCPSD Employee Manual be approved. Melvin Shook seconded the motion. It was unanimously approved.

MISCELLANEOUS BUSINESS:

Equipment Purchase Request – The West Virginia Development Office (WVDO) processed our grant request for the purchase of construction equipment and we have received the funds needed to purchase a mini-excavator, dump truck and trailer and miscellaneous small tools. We have already purchased the mini-excavator and plan to pick up the dump truck and trailer prior to the end of the year.

Fire Hydrant Locks – Mark Sterling, HD Supply Waterworks, presented information on fire hydrant locking devices and discussed the reasons for locking hydrants. Mr. Sterling informed the group that locking mechanisms range in price from \$150 - \$500 per hydrant. The HCPSD currently has approximately 130 hydrants in operation throughout the system. Mr. Sterling stated that the HCPSD would have to work cooperatively with the local fire department any time hydrants are locked and would need to provide the fire company with the device used for unlocking the hydrants. Mr. Sterling provided a demonstration on the Captivator locking device which is the device that he feels is best suited for our needs but explained that he has the ability to provide any of the products that are on the market for locking hydrants.

FY09 Financial Audit – The HCPSD board members received a copy of the fiscal year 2009 Financial Audit in the board meeting packet. A copy of the audit has been provided to the Hardy County Clerk. There were no questions on the audit report.

NEW BUSINESS:

Region VIII Agreement – An Agreement for Project Coordination and Technical Services between the HCPSD and the Region VIII Planning & Development Council was presented for approval. This agreement is for the grant administration of the EDA/ARRA grant funding for the Baker Industrial Park Project. Clyde See made a motion to approve the agreement with Region VIII. Melvin Shook seconded the motion. It was unanimously approved.

Project Funding Applications – Region VIII contacted us regarding possible grant funding opportunities for our previously submitted applications to upgrade the Route 55 booster pump station, to upgrade the line size on a portion of the Trough Road and the Dover Hollow Extension Project. Clyde See made a motion submit the funding applications. Melvin Shook seconded the motion. It was unanimously approved.

There were no members of the public in attendance of the meeting to provide comment.

There being no further business, Clyde See made a motion that the meeting be adjourned at 11:05 a.m. The meeting was adjourned.

The next regular meeting of the HCPSD is scheduled for **Wednesday, January 13, 2010, 10:00 a.m.** in the conference room of the HCPSD office located at 2094 US 220 South, Moorefield, West Virginia.

Matthew G. Gapp, Chairman

These minutes represent a summary of the subjects discussed and the actions taken by the members of the Hardy County Public Service District for the meeting held on December 9, 2009. 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.