

PULASKI COUNTY PUBLIC SERVICE AUTHORITY MINUTES
March 11, 2002

At a regular meeting of the Pulaski County Public Service Authority Board of Directors held on Monday, March 11, 2002, at 9:00 a.m. in the Conference Room of the County Administration Building, in the Town of Pulaski, the following members were present: H.W. Huff, Jr., Chairman; Archa Vaughan, Jr.; J. Mack Baker; Winston Snead; and Carl Mathes. Staff members present included: County Administrator, Peter M. Huber; Assistant County Administrator, Nancy M. Burchett; and County Engineer, Ron Coake.

1. Citizen Comments:

No citizen comments were heard at this time.

2. Reports from the County Administrator & Staff:

a. Collection Staff Activity

1. Adjustments

On a motion by Mr. Vaughan, seconded by Mr. Baker, and carried, the Board of Directors approved adjustments in the credit amount of \$549.60 per staff recommendation.

Voting yes: Mr. Huff, Mr. Vaughan, Mr. Baker, Mr. Mathes and Mr. Snead.

Voting no: None

2. Inmate Availability Report

Staff reported the inmate count for the month of February had been one inmate per day.

3. Balance Due Report

The Board reviewed and accepted the balance due report as submitted by staff.

4. Lien Report

The Board reviewed and accepted the lien report as prepared by staff. Said report reflected total liens in the amount of \$349,343.31.

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5. Work Order Count

Staff reported that there were 0 brush pick-ups, 0 large items, 0 tires and 0 refrigerators requiring pick-up as of March 5, 2002.

b. Ownership Transfer – Walter’s Mobile Home Park:

Staff reported no additional information was available on this matter at this time. Therefore, the matter would be placed on the April PSA agenda.

c. Adopted of Proposed Member User Agreement & Adoption Resolution:

On the motion of Mr. Baker, seconded by Mr. Mathes and carried, the Board of Directors approved the following resolution pertaining to the Pepper’s Ferry Member User Agreement and Adoption Resolution to change the method in which Pepper’s Ferry handles debt service payments:

**RESOLUTION
PULASKI COUNTY PUBLIC SERVICE AUTHORITY
BOARD OF DIRECTORS
MARCH 11, 2002**

BACKGROUND

WHEREAS, The City of Radford, the Town of Dublin, the Town of Pulaski, the County of Pulaski and the County of Montgomery are members of the Pepper’s Ferry Regional Wastewater Treatment Authority (the "Authority"), and as such are signatories to the Pepper’s Ferry Regional Wastewater Treatment Authority User Agreement dated March 4, 1981, as amended June 26, 1986, December 17, 1992, July 30, 1993, and July 13, 1995 (the "User Agreement").

WHEREAS, On October 11, 2001, the Board of the Authority adopted and approved certain amendments to the User Agreement which will become effective upon approval of the same by the member jurisdictions as provided in Section 8.1 of the User Agreement.

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WHEREAS, The amendments adopted by the Authority and submitted to the Board of the Pulaski County Public Service Authority for approval and consent pertain to revising the allocation of pump station and treatment plant capacity from pre-determined allocation of capacity to a use capacity and establishes Authority responsibility to plan and provide future capacities as deemed necessary for the members' benefit as delineated in the proposed amendments to the User Agreement. In anticipation of said revisions, reconciliation of Montgomery County Public Service Authority's ("MCPSA") pump station capacity use in excess of its allocation and Pulaski County having treatment capacity in excess of its need will be addressed by MCPSA compensating others for excess use cost and by the Authority purchasing Pulaski County's excess capacity.

WHEREAS, MCPSA has expanded its service area and has acquired treatment capacity to meet its expansion needs. However, it has not been able to acquire comparable need capacity in the Radford Pump Station or the New River Pump Station, this fact resulting in MCPSA's exceeding its allocations. To obtain parity between used treatment capacity and pump station capacity, MCPSA will purchase 0.1 MGD capacity from Pulaski County and will compensate the Authority for 0.15 MGD Radford Pump Station capacity and 0.256 MGD New River Pump Station capacity. Compensation to the Authority shall be placed in respective debt service accounts to serve members of the Authority.

WHEREAS, Pulaski County financed separate from the Authority 3.0 MGD capacity as part of the treatment plants initial capacity. Pulaski County has not used this capacity and has sold 0.35 MGD to other members. To make this capacity available under the proposed amendments, the Authority will acquire the remaining 2.65 MGD treatment capacity from Pulaski County.

WHEREAS, The proposed amendments, heretofore adopted by the Board of Directors of the Authority, are as set forth in the revised User Agreement attached hereto and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED, By the Board of the Pulaski County Public Service Authority as follows:

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1. That subject to the terms and provisions of any Security Agreements, Bonds of the Authority and any and all Bond documents or evidences of indebtedness of the Authority, Pulaski County consents to the amendments to the User Agreement, as set forth herein and in the exhibit hereto, approves the same and, if necessary, authorizes the Administrator to execute and seal the same on behalf of Pulaski County, Virginia.

2. That the above-consent is conditioned upon Montgomery County Public Service Authority acquiring 0.1 MGD Radford Pump Station capacity from Pulaski County and paying the Authority \$117,424 as compensation for past excessive usage of the Radford Pump Station and the New River Pump Station.

3. That the above-consent is made with the understanding that the Authority will compensate Pulaski County ONE MILLION and NO/100 DOLLARS (\$1,000,000.00) as an acquisition price for the County's 2.65 MGD excess treatment capacity.

4. That the Chairman of the Pulaski County Public Service Authority shall provide a certified copy of this Resolution to the Executive Director of the Authority.

The foregoing is certified to be a true copy of the Resolution of the Pulaski County Service Authority adopted on the 11TH day of March, 2002.

Voting yes: Mr. Baker, Mr. Snead, Mr. Mathes, Mr. Vaughan and Mr. Huff.

Voting no: none.

d. American Electric Power (AEP Electricity Purchase Agreement):

On the motion of Mr. Baker, seconded by Mr. Mathes and carried, the Board of Directors adopted the following resolution authorizing electric service with American Electric Power per staff recommendation:

**RESOLUTION
AUTHORIZING ELECTRIC SERVICE
CONTRACT EXTENSION
(Revised 1/28/02)**

WHEREAS, the VML/VACo-Appalachian Power Company (APCo) Steering Committee (the "Committee") comprised of representatives of local governments and political subdivisions has for many years negotiated on behalf of such governmental units within the service area of APCo the terms of standard contract forms which have included rates for the purchase of electricity supply and delivery service and for the installation, maintenance and delivery service for street lights by and for said governmental units from APCo as a single source provider; and

WHEREAS, the most recent such contracts for the period beginning July 1, 2000 will terminate on June 30, 2002; and

WHEREAS, on or about February 12, 2001, APCo agreed with the Committee to extend the term of such contracts to December 31, 2003 at rates set forth in the Company's Schedule 17 on file with the Virginia State Corporation Commission (the "Commission") and;

WHEREAS, on or about July 24, 2001, American Electric Power Co. ("AEP"), parent corporation of APCo, filed a proceeding in the Federal Energy Regulation Commission ("FERC") seeking approval of amendment of its intercompany agreement which inter alia affects the supply and computation of the price for electricity furnished to APCo in excess of that produced by APCo, in which proceeding the Steering Committee and the Town of Wytheville appeared and objected; and

WHEREAS, in consideration of the Committee and the Town of Wytheville agreeing to a negotiated settlement of the FERC proceeding which provides substantial protection against potential escalation of the fuel factor which is a component of APCo's total pricing for electricity supplied to its retail customers, including the governmental units, APCo has granted to the governmental units the election to (1) terminate the current contracts on June 30, 2002, or (2) extend the contracts at Schedule 17 rates to December 31, 2003 pursuant to the offer dated February 12, 2001, or (3)(a) to extend the current contracts through June 30, 2007, at rates contained in APCo's unbundled Standard Rate Schedules, or any successor or replacement schedules then on file and approved by the Commission; and (b) to extend

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street light service at rates as in effect July 1, 2000, but subject to changes in the fuel factor; provided that election (3) is conditioned upon the governmental unit so electing, notifying APCo of its election within 90 days of December 18, 2001, that (i) it has chosen APCo to provide generation service through June 30, 2007, and (ii) that it will not chose a different supplier prior to such date; and (iii) it will not request the Commission to determine rates and provisions for default service different from that provided under its contract, as amended by election (3); and

WHEREAS, the Steering Committee has recommended that the governmental units, including this jurisdiction, exercise election (3) above, that is, the extension of current contracts with APCo for electric service and delivery thereof from July 1, 2002 through June 30, 2007, including street light contracts, at the rates and subject to the conditions all as set forth in the letter dated December 18, 2001 signed on behalf of APCo and AEP and on behalf of the Steering Committee and the Town of Wytheville, all by counsel, which is attached hereto as Exhibit A and incorporating letters dated February 12 and February 15, 2001 attached hereto as Exhibits B1 and B2.

WHEREAS, on consideration whereof, it appearing to the Public Service Authority Board of Directors of Pulaski County that there is only one source practically available which can and will supply electricity service and delivery thereof for the entire needs of the County of Pulaski at established rates for such bundled service or unbundled generation service for the period from July 1, 2002 through December 31, 2007, as negotiated and recommended by the Committee; and it further appearing that even if there should develop a truly competitive market in the APCo area for generation service, it is questionable whether the Virginia Electricity Restructuring Act (the "Act") provides for capped rates or default rates for public authorities in the APCo area, and if not could place this jurisdiction at a disadvantage in the event it elects to contract with an alternative supplier or if such alternative supplier should default and be unable to provide the electricity; and it further appearing that notice hereof has been posted or published as specified in Va. Code § 2.2-4303E that competitive sealed bidding and competitive negotiation for such services for such period, are not fiscally advantageous to the public because the procurement process for electric services in a competitive market, even if there should be such a market, must be of such flexibility to provide a rapid response to fluctuating market conditions on a daily, or even hourly, basis; and it further appearing that the contract extensions recommended and agreed to by the Committee will provide this jurisdiction with a safeguard against excessive electricity

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generation costs both at this date and in the foreseeable future due to a lack of real competition in this area of Virginia; and

WHEREAS, in addition to the fact that no other source is practically available for such electric services for such period, the APCo offer to extend the contracts, being for a limited time, i.e., ninety (90) days from December 18, 2001, is such that an emergency does exist inasmuch as such period is not sufficient for this jurisdiction to correctly assess its entire needs for electric service, whether for the short term or through June 30, 2007, to prepare and receive requests for proposals and to review, consider and act upon any proposals which may possibly be received.

NOW, THEREFORE BE IT RESOLVED that this jurisdiction accepts the offer of APCo to extend its current contract for electric service on a bundled basis, including its street light contract, from July 1, 2002 through June 30, 2007, as set forth in Exhibit A and as agreed and recommended by the Committee.

RESOLVED further that in accordance with the conditions in APCo's offer this jurisdiction agrees that (i) it has chosen APCo to provide generation service through June 30, 2007, (ii) that it will not choose a different supplier prior to such date, and (iii) that it will not request the State Corporation Commission to determine rates and provisions for default service different from that provided in the contracts, as amended and extended as set forth above.

RESOLVED further that the County Administrator is authorized to execute and deliver on behalf of this jurisdiction all documents as shall be deemed appropriate to carry out the foregoing action.

The County Administrator is directed to notify APCo of the aforesaid election and agreement by transmitting a copy hereof to counsel for the Committee, Howard W. Dobbins, 1021 East Cary Street, P.O. Box 1320, Richmond, VA 23218-1320, who is authorized to deliver the same to APCo.

Voting yes: Mr. Baker Mr. Snead, Mr. Mathes, Mr. Vaughan and Mr. Huff.

Voting no: none.

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e. PSA Annual Water Settlement Calculations:

The Board of Directors reviewed the annual water settlement calculations for FY 02 as presented by staff resulting in a credit to the Town of Dublin in the amount of \$47,938.25 and a credit to the Town of Pulaski in the amount of \$15.73.

On the motion of Mr. Mathes, seconded by Mr. Baker and carried, the Board of Directors ratified the above noted calculations and authorized staff to use an estimated total gallons billed in the future in calculating the budget estimates for the towns in the future.

Voting yes: Mr. Baker, Mr. Snead, Mr. Mathes, Mr. Vaughan and Mr. Huff.

Voting no: none.

f. Informational Items:

1. Responses to Inquiry on Public Utility Bill Relief:

Staff reported that very few localities provide any type of bill relief. Therefore, the PSA Board took no action on this matter.

2. Garbage Collection Automation:

The Board reviewed information from the Virginia Municipal League recommending consideration of utilizing an automated garbage collection system in the county.

Chairman Huff advised automation could not be done in Pulaski County due to the area not being level. Further, he reported the costs to automate could not be afforded by the PSA at this time.

The Board took no action on this matter.

3. Comparison of Compactor-type Roll-off Container Rates:

Staff reported PSA rates for compactor-type roll-off container was much lower than offered by the private companies providing this service.

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The Board authorized staff to aggressively pursue increasing the number of PSA compactor-type roll-off container customers in the future.

4. HB 1130 – Hookup Requirements for Water Systems:

The Board reviewed House Bill #1130 pertaining to hookup requirements for water systems. Staff advised this bill would not adversely affect the PSA.

5. NRIP Sewer Project:

On the motion of Mr. Baker, seconded by Mr. Vaughan and carried, the Board of Directors ratified a contract with Draper Aden Associates for the upgrading of the existing pump stations serving the New River Industrial Park sewer in the amount of \$28,500.

Voting yes: Mr. Baker, Mr. Snead, Mr. Mathes, Mr. Vaughan and Mr. Huff.

Voting no: none.

g. Current Authorized Projects & Items Under Review:

The following projects were reported to be under review:

1. Cloyd's Mountain Sewer Extension by VDOT
2. New River Industrial Park Sewer Pump Station
3. Rolling Hills, Orchard Hills and Vista Sewer
4. Collier Acres Sewer Extension with Commerce Park Development
5. Engineering for Mobile Home Park Water & Sewer Extensions
6. Water Hydrant Flushing

3. Approval of February 11, 2002 Minutes

On the motion of Mr. Vaughan, seconded by Mr. Baker, and carried, the PSA Board of Directors approved the minutes of the February 11, 2002 meeting as presented by staff.

Voting yes: Mr. Huff, Mr. Vaughan, Mr. Mathes, Mr. Baker and Mr. Snead.

Voting no: None.

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4. Accounts Payable

On the motion of Mr. Baker, seconded by Mr. Vaughan and carried, the PSA Board of Directors approved the accounts payable listing for checks numbered 8149 through 8225, subject to audit.

Voting yes: Mr. Huff, Mr. Vaughan, Mr. Mathes, Mr. Baker and Mr. Snead.
Voting no: None.

5. Closed Meeting – 2.2-3711.A.1

It was moved by Mr. Baker, seconded by Mr. Mathes and carried, that the Public Service Authority Board of Directors enter closed session for discussion of the following:

Personnel – Pursuant to Virginia Code Section 2.1-344(A)1 discussion for consideration of employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of public officers, appointees or employees, regarding:

- Personnel Incentive Program

Voting yes: Mr. Baker, Mr. Snead, Mr. Mathes, Mr. Vaughan and Mr. Huff.
Voting no: none.

Return to Regular Session:

On the motion of Mr. Vaughan, seconded by Mr. Baker and carried, the Board of Directors returned to regular session.

Voting yes: Mr. Baker, Mr. Snead, Mr. Mathes, Mr. Vaughan and Mr. Huff.
Voting no: none.

Certification of Conformance with the Virginia Freedom of Information Act

It was moved by Mr. Baker, seconded by Mr. Mathes and carried, that the Board of Directors adopt the following resolution certifying conformance with the Virginia Freedom of Information Act.

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WHEREAS, the Board of Directors of the Public Service Authority of Pulaski County, Virginia, has convened a closed meeting of this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act:

WHEREAS, Section 2.1-344.1 of the Code of Virginia requires a certification by this Board of Directors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Public Service Authority of Pulaski County, Virginia hereby certifies to the best of each members' knowledge (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies; and (ii) only such public business matters as were identified in this motion convening the closed meeting were heard, discussed or considered by the Board of Directors.

Voting yes: Mr. Baker, Mr. Snead, Mr. Mathes, Mr. Vaughan and Mr. Huff.
Voting no: none.

6. Other Matters:

Staff reported the employee health insurance renewal rates called for an overall increase of approximately 5.5% for FY 03. This increase would result in an additional PSA employer cost of approximately \$3,000.

The Board requested staff to place the status of the Draper water tank for the Draper Ridge and Fairway Subdivisions on the April, 2002 PSA agenda.

7. Adjournment

There being no further business to discuss, the meeting was adjourned until the next regular meeting of the Pulaski County Public Service Authority Board of Directors to be held on April 8, 2002 at 9:00 a.m. at the County Administration Building, 143 Third Street, NW, in the Town of Pulaski, Virginia.

H.W. Huff, Chairman

J. Mack Baker, Secretary