

LUBECK PUBLIC SERVICE DISTRICT
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DECEMBER 3, 2004

BOARD MEETING

DECEMBER 9, 2004

7:00 P. M.

AGENDA:

- 1: APPROVAL OF NOVEMBER 18, 2004 MINUTES
- 2: DISCUSSION OF DISTRICT HAPPENINGS
- 3: APPROVAL OF PAYMENT OF BILLS AND TRANSFERS
- 4: APPROVAL OF 2005 MEETING DATES
- 5: WATER PROJECTS
- 6: EXECUTIVE SESSION, SECTION 2A, EMPLOYMENT ISSUES AND SECTION 9, FINANCES OF THE DISTRICT
- 7: APPROVAL OF RESTRUCTURING OF SEWER BOND ANTICIPATION NOTES
- 8: APPROVAL TO SUBMIT SEWER RESTRUCTURING TO THE PUBLIC SERVICE COMMISSION
- 9: UPDATE ON ACCOUNTANT & ATTORNEY REVIEW
10. OLD BUSINESS

c: Ox Johnson Parkersburg News
 Paul Smith Parkersburg Sentinel
 Roger Martin WXIL
 John Goodman WNUS
 Steve Bayer WTAP
 Richard Hayhurst Wood Co. Commission
 Phil Postlewait Jim Cox

LUBECK PUBLIC SERVICE DISTRICT

December 9, 2004
7:00 P.M.

Lee Johnson, Chairman
Paul W. Smith, Treasurer
Roger D. Martin Secretary

Attending: Lee Johnson, Roger Martin, Paul Smith, Jim Cox, Philip Postlewait, Jr., Richard Hayhurst, Mike Wright, Bill Argabrite, Virginia Sines, Judith Boston

NO. OF CUSTOMERS:	Section		Sewer	Water
	1 Lake Washington Road		316	497
	2 Lubeck		339	427
	3 Riverhill - Blenn. Heights		279	371
	4 DuPont Road		289	294
	5 Larkmead Road		107	343
	6 LMH - Homewood Road		0	281
	7 Washington Bottom		304	372
	8 New England Ridge		179	318
	9 Lubeck South		211	326
	10 Larkmead Area - Marrtown		50	321
	11 Route 68 South - Hopewell		0	217
	12 Mitchell's		51	71
	Total Customers		2125	3,838

TREASURER'S REPORT:

Revenue Fund - Wesbanco	\$46,085.95
Operations & Maintenance Fund - Wesbanco	\$2,249.70
RUS Construction Account	\$419.05
Series 1999 Sewerage Bonds Account	\$0.00
WesBanco Trust Fund	\$218,792.86

Transfer From Revenue to Operation & Maintenance Checking Account	\$5,500.00
Transfer From Revenue to Operation & Maintenance Checkling Account	\$11,000.00
Transfer From Revenue to Wesbanco Investment	\$0.00
Transfer From Revenue to Operation & Maintenance Checking Account	\$55,000.00
Transfer From Wesbanco Investment to Operation & Maintenance Account	\$10,858.00

The following transfers were made to cover payroll since the last Board meeting:

Transfer From Revenue to Operation & Maintenance Checking	\$13,700.00
Transfer From Revenue to WesBanco Tax Account	\$5,361.43
Transfer From Revenue to Operation & Maintenance Checking	\$14,600.00
Transfer From Revenue to WesBanco Tax Account	\$5,270.07

BUSINESS: Prayer by Paul Smith.

- A) Moved by Roger Martin, seconded by Paul Smith that the minutes of the Board meeting of November 18, 2004 be approved. Passed unanimously.

DISCUSSION OF DISTRICT HAPPENINGS:

It was reported what has been happening in the District:

- A) Installed 7 water taps since the last Board meeting. There are 0 water taps to be installed. This gives us 63 water taps for 2004. The District has installed 0 sewer taps since the last Board meeting. There is 1 sewer tap to be installed. This gives us 12 sewer taps for 2004.
- B) Repaired two water leaks.
- C) Repaired two hydrants.
- D) Gave out late notices and did turn offs and turn ons.
- E) Completed work orders, spotted lines, set meters.

It was reported what Bill and Rod have been working on:

November Water Pumped to System:	23,360,000 Gallons
Homewood Booster Station:	210,000 Gallons
New England Booster Station:	2,305,000 Gallons
High Water Usage and Day:	1,071,000 on 11/01
Low Water Usage and Day:	676,000 on 11/23

GENERAL BUSINESS:

- A) Moved by Roger Martin, seconded by Paul Smith that all bills be approved as reviewed by management and the Board, in addition to all fund transfers as presented. Passed unanimously.
- B) Moved by Roger Martin, seconded by Paul Smith that the Board approve the meeting dates for 2005 as attached. Passed unanimously.
- C) Jim received a letter that was sent to Lee Johnson, not the office, saying that the Wadesville Project was again not funded for this year. Jim has spoken with the person who did the last income survey and she told him that she would not do another one. Therefore, this area will be out of the possibility of a Small Cities Block Grant (SCBG). Neither did this area did not qualify for Rural Utilities Services grant money at the time the District applied for the SCBG funds. Jim had

NOTICE
BOARD MEETING DATES
LUBECK PUBLIC SERVICE DISTRICT
7:00 PM

JANUARY 13, 2005
JANUARY 27, 2005
FEBRUARY 10, 2005
FEBRUARY 24, 2005
MARCH 10, 2005
MARCH 24, 2005
APRIL 14, 2005
APRIL 28, 2005
MAY 12, 2005
MAY 26, 2005
JUNE 9, 2005
JUNE 23, 2005
JULY 14, 2005
JULY 28, 2005
AUGUST 11, 2005
AUGUST 25, 2005
SEPTEMBER 8, 2005
SEPTEMBER 22, 2005
OCTOBER 13, 2005
OCTOBER 27, 2005
NOVEMBER 10, 2005
NOVEMBER 24, 2005 - CANCELED
DECEMBER 8, 2005
DECEMBER 22, 2005 - CANCELED

just sent a letter to the Governor asking him to fund this project before receiving the copy of the letter dated November 15.

- D) Jim needs to report that we had a water well quit pumping. Since this is an emergency, Jim has tried to get four quotes, however only three gave him a price. Reynolds Company came in at a cost of \$9,020 for cleaning the well and replacing the pump. This is less than the cost of cleaning from other suppliers. Their pricing was Moody for \$9,500 for cleaning and \$1- 2,000 for the new pump and Prosonic's price was \$13,154.50. Moved by Roger Martin, seconded by Paul Smith that the District award the contract to Reynold's Company for the cleaning and replacement of the pump motor. Passed unanimously.
- E) Jim reported that the District has received the results of the October 1, 2004 sampling of our wells for C-8 back. The results show a large increase in the C-8 level but we are still at only a little over 2 PPB. We saw the levels double in most cases. Jim called DuPont to see what their take on this might be and was told that this was typical of the results for the different locations. They are still trying to determine what the cause might be. Discussion was held.
- F) Moved by Paul Smith, seconded by Roger Martin that the District apply to the West Virginia Infrastructure and Jobs Development Council (IJDC) for their approval of the finance restructuring for our Sewer Bond Anticipation Notes (BAN's) as attached. Once the District has the approval of the IJDC then the District must apply to the Public Service Commission. It should be noted that this restructuring could, at most, require an additional \$614 per month to go toward paying any of the BAN's off as presently proposed but this would not start until 2009. However, it is the Districts hopes that the present Reserve Fund will grow sufficiently enough to pay the future reserve fund up front, thus not requiring any additional money. It is also agreed that the Manager be given the ability to sign paper work needed to submitted to the IJDC. Passed unanimously.
- I) Moved by Paul Smith, seconded by Roger Martin that the District apply to the Public Service Commission for approval of the debt restructuring for the sewer division of Lubeck Public Service District upon approval of the West Virginia Infrastructure and Jobs Development Council. Passed unanimously.
- J) Jim Cox has received a new quote from Blue Cross and Blue Shield (BC&BS) for our health insurance. It is going to go up by 16.67% over the last year quote. Therefore, our new monthly premium will be \$9,012.15. This is, according to our agent, only the minimal increase as compared to the others that he is seeing. The District also needs to keep in mind that last year we saw a reduction in our health insurance cost from \$9,081 per month to \$7,727 per month. This

December 2, 2004

TO: LPSD Board

FROM: Phil and Jim

As per a letter from the West Virginia Infrastructure & Jobs Development Council the District (IJDC) (see attached) Phil and I have been trying to come up with a plan of attack on how to handle this situation. We have been in contact with Katy Mallory of the Council over the months trying to explain to her the fact that the District had been told by the then Executive secretary of the Council that Lubeck would look at the Bond Anticipation Notes (BAN's) every 5 years and would then determine if any of them could be changed into actual Bonds. Her response was that this was not in writing and that the District would need to now determine how to take these BAN's out.

Phil and I have talked with Samme Gee of Jackson and Kelly who was our Bond Council for this project and tried to explain what Katy was wanting to happen. Phil and I have explained to Samme that for the District to take these BAN's out at this time would cause a 50+% rate increase in sewer rates and that there would be no one left here at the District that they had talked to in the past. Phil and I came up with a possible plan to pay off the State Revolving Loan Fund (SRF) loan that has a 3% administrative fee and take the exact same amount of money that the District is presently paying to see how much of the \$16,500,000 we could begin paying on. With that the IJDC would have had to come up with approximately \$6.5 million to pay off the existing SRF loan. However, if they had that money the District could have began making payments on \$15,324,522. This would have left only \$7,783,528 to look at five years down the road. Samme liked the idea and proposed that we all meet with Katy to propose it.

Yesterday, Phil and I went to Charleston to meet with Samme and Katy to talk about the proposal. Katy stated that it was a good idea but that IJDC did not have nor did she project that they would have within the next year the \$6.5 million to pay of the SRF loan. This put us back tot he discussion mode. Katy suggested that at the end of the first 20 year period the District look at the IJDC to receive the payment of the 2nd \$7.9 Million of SRF money. This would allow for the District not to pay the 3% admin fee to SRF and thus be able to pay off more of the BAN's. So it was projected that the District would agree to begin paying a loan of \$8,755,200 in June of 2021 which would have been the second SRF loan. It was then suggested that the District look at the fact that in 2009 the District will no longer have to pay coverage on the \$7.9 million loan because we will have built up sufficient reserves to pay the one year debt service as required. At this point the District could then take that amount of money and in turn finance \$2,210,400 more of the BAN into a loan. This would then only leave \$5,583,700 on BAN for the District to look at in 2009.

The following is a recap of the above:

Existing Financing:

	Begin Balance	Principal Per Year	Interest	Admin Fee Per Year	Revenue Per Month
SRF Loan	\$7,950,000	\$397,500	0	\$40,746.88	\$36,480
IJDC Loan	\$2,000,000	\$56,632	0	0	\$4,390
BAN	\$16,549,300	\$100	0	0	10

Restructured Financing:

	Begin Balance	Principal Per Year	Interest	Admin Fee Per Year	Reserve Per Year
SRF Loan (Now Exists)	\$7,950,000	Still remains and would pay off on 3/1/2021			
IJDC Loan (Now Exists)	\$2,000,000	\$56,632	0	0	\$5,050
IJDC Loan Wrap Payment to begin 6/1/2021	\$8,755,200	\$437,760	0	0	0
IJDC Loan - Deferred until 2009	\$2,210,400	\$73,680	0	0	\$614 per month if the reserve fund from the 1st. \$7.95 Million loan does not build up enough excess money to cover this need.

This will leave a BAN of \$5,583,700 which would be looked at in 2009.

As you can see from the above, the District is not committing to have the Customers pay one cent more than they are already paying today to put us in a position to have only \$5,583,700 in BAN's to look in 2008 and see if there is any way to begin taking out any of this money.

What this does for the IJDC is allow them to show their Board that the District is committed to the above payment stream to pay off these BAN's, etc. It also allows the IJDC to now use these dollars that are committed in the future to look at their future bond sales and to increase the amount of money that they might put out on the market for sale today.

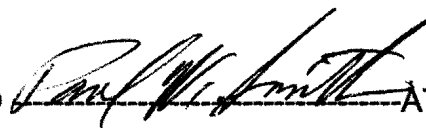
Gentlemen, I have taken it upon myself to say that this looks like a very positive thing for both the District and the Council, and that I was hopeful that we could pass this at the Board meeting on December 9 and then send it on to the Council for their blessing. Once we would have their blessing we would then have to go to the Public Service Commission (PSC) for their approval. Phil and I would hope that the PSC approval would not be too difficult since we are not committing any additional dollars other than reallocating the dollars we presently pay and are not asking for a rate increase.

increase still has the District paying less than we were paying before we moved to Blue Cross. In an effort to have all of our insurance's come due on the beginning of the fiscal year, the District will be looking at this policy again in March of 2005 with a renewal date of July 1, 2005.

- K) Discussion was held concerning the accountant and attorney. It was decided that the Board would schedule a meeting with the Wood County Commission to discuss their desire and reasoning to retain the accountant and attorney.
- L) Mike Wright was here to get an update on the water situation off Middle Fork of Lee Creek. He was told that we are trying to finalize condemnations now so that the District might begin the bidding process. It is hoped that construction would begin in the spring.
- M) Moved by Roger Martin, seconded by Paul Smith that a Special Board meeting be called at the convenience of the Manager to authorize the payment of bills and signing of checks. Passed unanimously.
- N) As has been customary in the past, the second Board meeting of December will be canceled for this year.
- O) Meeting adjourned.



APPROVED



ATTESTED