

PUBLIC SERVICE AUTHORITY BOARD OF DIRECTORS  
FEBURARY 15, 2011

At a special called meeting of the Public Service Authority Board of Directors held on Tuesday, February 15, 2011 at 11:00 a.m. in the Board Room of the County Administration Building, 143 Third Street, NW, in the Town of Pulaski, Virginia, the following Board members were present: Doug Warren, Chairman; Pete Crawford, Vice-Chairman; Hollis Loyd, Secretary/Treasurer; Dave Dean; and Jerry White. Staff members present included: Peter Huber, County Administrator; Diane Newby, Finance Director; and Gena Hanks, Executive Secretary.

Dr. Warren called the meeting to order and explained the purpose of the meeting was to consider the re-adoption of an amended Commerce Park Utility Project Water Rates resolution which had been previously adopted by the Board at its February 8, 2011 meeting. Dr. Warren specifically noted the amendment would reflect a water rate increase of \$0.25 per 1,000 gallon by July 1, 2013.

Mr. Huber advised the benefits of this project are to provide all PSA water customers with a secondary source of water (addressing the situation faced by the county at this time last year), increase the availability of water and sewer service at the Commerce Park to one million gallons per day, and ensure that the growing Fairlawn area will have access to significant volumes of water for the foreseeable future (currently all of Fairlawn is served by a single 8" water line).

Board members inquired as to the consequences faced by the PSA Board if the amendment to the resolution is not adopted. In response, Mr. Huber advised the closing on the Commerce Park project would be delayed and the PSA would likely be forced to find other financing for the project.

Board members expressed concern over the lack of flexibility provided by Rural Development to the PSA Board in making a decision related to the adoption of the amended resolution.

Board members also commented on the following matters: the number of localities involved in the Commerce Park project; the size of the line to provide a connection to the Radford Water Treatment Plant; and the requirements for advertising of a rate increase.

Dr. Warren advised the structure used by Rural Development is similar to the structure used by the Federal government in applying for federal grants, in that there are certain regulations and requirements that must be met to satisfy the Federal government.

Board members inquired as to the potential use of economic stimulus funds for the Commerce Park project. Mr. Huber advised the Commerce Park project was initiated prior to the offering of stimulus funds. Mr. Huber further explained that county staff had made an effort to seek potential use Build America funds; however, a

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ruling by the IRS regarding the procedures for drawing down of money do not currently allow for application of Build America Bonds.

Mr. White requested staff relay to Rural Development on behalf of the PSA Board, the Board's concerns over the lack of flexibility by Rural Development in adopting the resolution calling for a rate increase.

Commerce Park Utility Project Water Rate Resolution

On a motion by Mr. Crawford, seconded by Mr. Loyd and carried, the Board adopted the following resolution:

**WHEREAS**, the Pulaski County Public Service Authority was formed as a political subdivision to exercise public and essential governmental functions to provide for the public health and welfare of the citizens of Pulaski County; and

**WHEREAS**, it has operated and maintained water systems, sewer systems and refuse and disposal systems within Pulaski County; and

**WHEREAS**, the County has been awarded loan funding from the USDA Rural Development Agency for the construction of the Commerce Park Utility Project involving the installation of a water interconnection with the City of Radford and other utility improvements to and within the Commerce Park;

**NOW BE IT RESOLVED**, that the Pulaski County Public Service Authority agrees to implement a \$0.25 per 1,000 gallon increase in water rates by July 1, 2013. This rate increase may be reduced or eliminated with concurrence from Rural Development in the event financial conditions reduce or eliminate the need for an increase.

Existing Water Rate:

\$6.50 per month (with additional debt service charges in Brookmont, Schrader Hill, New River, and other areas) plus  
\$3.00 per 1,000 gallons for 100,000 or less per month.  
\$2.50 per 1,000 gallons for more than 100,000 per month.

Revised Rate:

\$6.50 per month (with additional debt service charges in Brookmont, Schrader Hill, New River, and other areas) to remain unchanged plus  
\$3.25 per 1,000 gallons for 100,000 or less per month.  
\$2.75 per 1,000 gallons for more than 100,000 per month.

Voting Yes: Mr. Crawford, Mr. Dean, Dr. Warren, Mr. Loyd, Mr. White.

Voting No: None

Abstaining: None

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Adjournment

On a motion by Mr. Crawford, seconded by Mr. Loyd and carried, the Board adjourned its special called meeting. The next regular meeting of the PSA Board is scheduled for Tuesday, March 8, 2011 at 9:00 a.m. in the Board Room of the County Administration Building, 143 Third Street, NW, in the Town of Pulaski.

Voting yes: Mr. Crawford, Mr. Dean, Dr. Warren, Mr. Loyd, Mr. White.

Voting no: none.

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Douglas Warren, Chairman

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Hollis Loyd, Secretary/Treasurer