

St. Clairsville, Ohio

January 9, 2013

The Board of Commissioners of Belmont County, Ohio, met this day in regular session. Present: Ginny Favede, Matt Coffland and Charles R. Probst, Jr., Commissioners and Jayne Long, Clerk of the Board.

MEETINGS ARE NOW BEING RECORDED
ALL DISCUSSIONS ARE SUMMARIZED. FOR COMPLETE PROCEEDINGS
PLEASE SEE CORRESPONDING CD FOR THIS MEETING DAY.

IN THE MATTER OF ALLOWANCE OF BILLS
AS CERTIFIED IN THE AUDITOR'S OFFICE

"BILLS ALLOWED"

The following bills having been certified in the Auditor's office, on motion by Mr. Probst, seconded by Mr. Coffland, all members present voting YES, each bill was considered and it is hereby ordered that the County Auditor issue his warrant on the County Treasurer in payment of bills allowed.

<u>Claim of</u>	<u>Purposes</u>	<u>Amount</u>
A-AT&T	Invoice-Public Defender/General Fund	150.99
A-Frank Pierce	Reimburse lamp purchase/General Fund	53.45
A-Microtel Inn & Suites	Hotel for seminar-Public Defender/General Fund	50.00
A-Ohio AFSCME Care Plan	Dental & Drug Coverage/General Fund	368.00
A-Ohio Chief Probation Officers Association	Annual training fee-Ed Gorence/General Fund	150.00
A-The Times Leader	Advertisement-Public Defender/General Fund	281.46
A-Treasurer, State of Ohio	Recoupment-4 th Qtr. 2012 Indigent/General Fund	108.50
A-Verizon Wireless	Cell plan-Adult Probation/General Fund	179.88
E-Don Nippert	Sublease agreement/911 Fund	660.00
K-Ohio-WV Excavating Co.	Town Hill Bridge Replacement/Engineer MVGT Fund	270,033.39
K-Transystems Corp.	Stone Arch Bridges/Engineer MVGT Fund	2,437.60
K-Wells Fargo Payment Center	Visa Card/Engineer MVGT Fund	1,167.22
S-AT&T	Telephone/Port Authority Fund	121.75
S-Beth A. Andes, MS, PCC	Counseling services/District Detention Home Fund	980.00
S-Cardmember Service	Youth Activity/Oakview Juvenile Residential Center Fund	504.14
S-EODA-Eastern Ohio Development Alliance	Materials for EODA event/Port Authority Fund	250.00
S-Glynis Valenti	Professional Services/Port Authority Fund	600.00
S-Sam's Club/GECRB	Food/Oakview Juvenile Residential Center Fund	393.64
S-Staples Credit Plan	Supplies/Oakview Juvenile Residential Center Fund	259.97
S-Village of Barnesville	JEDD 2 Sewer Line Construction/Port Authority Fund	50,000.00
S-Walmart Community/GECRB	Food & supplies/Oakview Juvenile Residential Center Fund	241.54

IN THE MATTER OF APPROVING RECAPITULATION
OF VOUCHERS FOR THE VARIOUS FUNDS

Motion made by Mr. Probst, seconded by Mr. Coffland to approve the Recapitulation of Vouchers dated for January 9, 2013 as follow:

FUND	AMOUNT
A-GENERAL	\$22,016.66; \$21,665.30; \$46,620.64
A-GENERAL/AUDITOR	\$5,197.29
A-GENERAL/EMA	\$1,376.86
A-GENERAL/PROBATE COURT	\$934.74
A-GENERAL/RECORDER	\$5,124.71
A-GENERAL/SHERIFF	\$20,761.61
A-GENERAL/911	\$4,707.47
B-Dog Kennel	\$3,489.81
H-Job & Family, CSEA	\$104.11
H-Job & Family, Public Assistance	\$3,112.78; \$10,621.37; \$50,712.46
H-Job & Family, WIA	\$11,784.29
J-Real Estate Assessment	\$374.38
K-Engineer MVGT	\$21,184.61; \$8,585.92; \$18,082.07
M-Juvenile Ct. – Placement II	\$1,163.17
M-Juvenile Ct. – Title IV-E Reimb.	\$1,744.52
P-Oakview Admn Bldg	\$3,736.56
S-Certificate of Title Admn Fund	\$504.06
S-Clerk of Courts Computer Fund	\$4,029.70
S-District Detention Home	\$10,649.82
S-Job & Family, Children Services	\$19,990.24; \$5,412.05
S-Job & Family, Senior Programs	\$21,991.62; \$74,384.55
S-Northern Div. Ct. Computer	\$450.81
S-Northern Ct. General Special Projects	\$883.97
S-Oakview Juvenile Residential Center	\$6,152.97
S-Probate Court Conduct Business Fund	\$959.40
S-Sheriff Commissary	\$2,517.12
S-Western Div. Ct. Computer Fund	658.22
S-Western Ct. General Special Projects	\$904.87
T-Grants-CDBG	\$85,749.00
U-Sheriff Reserve Account	\$1,317.44
W-Marriage License Fees	\$9,069.50

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

IN THE MATTER OF TRANSFERS WITHIN FUND

Motion made by Mr. Probst, seconded by Mr. Coffland to approve the following transfers within the following funds:

FUND FOR THE GENERAL FUND

FROM	TO	AMOUNT
<i>Commissioners'</i>	<i>Auditor</i>	
E-0051-A001-A50.000 Budget Stabilization	E-0011-A001-B02.002 Salaries-Employees	\$13,811.00
E-0051-A001-A50.000 Budget Stabilization	E-0011-A001-B05.012 Computer	<u>\$36,633.00</u>
	TOTAL	\$50,444.00

Note: Fulfillment of County Auditor's Supplemental Budget Request dated 01/07/13.

E-0257-A017-A00.000 Contingencies	E-0257-A015-A15.074 Transfers Out	\$ 1,111.00
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Upon roll call the vote was as follows:

Mr. Probst	Yes
Mrs. Favede	Yes
Mr. Coffland	Yes

IN THE MATTER OF TRANSFERS BETWEEN FUND

Motion made by Mr. Probst, seconded by Mrs. Favede to approve the following transfers between the following funds:

THE BEMONT COUNTY GENERAL FUND AND THE JUVENILE ACCOUNTABILITY BLOCK GRANT FUND-S35

FROM	TO	AMOUNT
<i>General Fund</i>	<i>Juvenile Accountability Block Grant Fund-S35</i>	
E-0257-A015-A15.074 Transfers Out	R-0914-S035-S10.574 Transfers In	\$1,111.00

Note: Required local match for the Juvenile Accountability Block Grant, 01/01/13-03/31/13.

VARIOUS BELMONT COUNTY SANITARY SEWER DISTRICT FUNDS

FROM	TO	AMOUNT
WWS #2	WWS #2	
E-3711-T010-T04.074 Transfer Out	R-3701-P003-P15.574	\$ 400.00
WWS #3	WWS #3	
E-3711-T010-T04.074 Transfer Out	R-3702-P005-P15.574	\$ 831.16
SSD #1	SSD #1	
E-3711-T010-T04.074 Transfer Out	R-3704-P051-P08.574	\$ 139.16
SSD #2	SSD #2	
E-3711-T010-T04.074 Transfer Out	R-3705-P053-P08.574	\$ 243.06
SSD #3	SSD #3	
E-3711-T010-T04.074 Transfer Out	R-3706-P055-P08.574	\$ 232.15

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mrs. Favede	Yes
Mr. Coffland	Yes

IN THE MATTER OF GRANTING PERMISSION FOR COUNTY EMPLOYEES TO TRAVEL

Motion made by Mr. Probst, seconded by Mr. Coffland granting permission for county employees to travel as follows:

AUDITOR – Andrew L. Satak and Larry Craig to travel to Byesville, OH on Jan. 29, 2013, to attend Current Agricultural Use Value (CAUV) issues meeting and dinner. A county car will be used. Estimated expenses: \$50.00

BCDJFS – Patricia Kinney, Floyd Culbertson and Senior Members to travel to Washington, PA, on Jan. 10, 2013, for a Flushing Senior Center outing. Estimated expenses: \$24.00

Michael Schlantz and Dwayne Pielech to travel to Canton, OH, on Jan. 10, 2013, to attend a Shale Net Meeting. Estimated expenses: \$24.00

Jack Irwin, Daisy Braun and Senior Members to travel to St. Clairsville, OH, on Jan. 18, 2013, for a St. Clairsville Senior Center outing. Mike McBride and Senior Members to travel to Moundsville, WV, on Jan. 11 & Jan. 25, 2013, for a Powhatan Senior Center outing. Estimated expenses: \$48.00

ENGINEER – Fred Bennett and Michael Wahl to travel to Dublin, OH, on Jan. 31-Feb. 1, 2013 to attend 2013 Ohio County Engineer's Conference. Estimated expenses: \$400.00 each.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

OPEN PUBLIC FORUM - Richard Hord stated that since the restructuring of the Department of Job & Family Services is completed, he would like to know the status of creating a department for senior services. Mr. Probst advised it is still proceeding. Mr. Hord inquired if there was a time table. Mr. Probst stated, "No, we want to make sure it is done right and not going to hurry through." Mr. Hord said he was curious to know if a levy might be considered for Job & Family Services to help fill in some financial gaps. Mr. Probst said Mr. Pielech was asked that awhile ago when he first mentioned the shortfall of funding for human services. It has not been discussed any further at this point. It will be talked about again in the future. Mr. Probst noted the board was up against a timeline as far as restructuring the agency because by June 30 (the state's fiscal year) if we were not able to "save" \$1 million dollars, we have to make up the difference out of the county's General Fund. Mr. Probst said we should have some discussion about a levy, but we never want to put levies on unless we absolutely have to. We need to see how things work out to finish this fiscal year and then re-evaluate at that time. Mr. Probst noted he was speaking only for himself. Mrs. Favede said the other thing to consider is the fact that it is going to be perhaps readjusted based upon the decision at the state level with the governor. She advised it has been our understanding for awhile there are going to be changes to how Medicaid and/Medicare were administered, whether it be at the local level or withdrawn and administered directly at the state level. We have to remember that that decision is based upon Obama Care and how the federal government will affect the state government's administration of Medicare and Medicaid. Mr. Probst said it is projected, according to Director Pielech, that human services is possibly going to be cut 4% a year until 2020. He said we are trying to prepare for that also. There are a lot of unknowns at this point.

Mr. Hord asked if there was a date of completion for the former Sheriff's residence and if there would be a grand opening ceremony. Mrs. Favede said there is no grand ceremony planned. There will be an event, but right now they are just trying to accomplish getting the project complete. We are looking at mid February for it to be done. She advised sometime towards the end of February we planning on holding an event in conjunction with Belmont County Tourism.

Frank Papini said with what is on the horizon regarding Marcellus drilling and the potential that is here, he questioned who is getting the money. With possible long term cuts from the state, he asked, "Where is the money going?" Mr. Probst said right now it's mainly the private landowners that are getting the money, whether they are drilling, whether they have contracts with drilling companies, or if they are running pipelines through. There are different businesses looking to build. Activity has picked up on the Ohio River. Mr. Papini said these people have to pay taxes on the royalties. Mr. Probst said, right, but it is a slow process. Mr. Papini said it does not make sense to make all these program cuts and get all this money from oil and gas. He wants to know where Belmont County fits in. Mrs. Favede said she asked Auditor Sutak to be present today to address that very issue. He will be joining the meeting later. She said there is a public concern as to the influx of money into the county and the reality that the county is not actually the recipient of the money. The money is in what is called a severance tax and the intention at this point is for the state to keep it and redistribute it to the state as a whole in the form of an income tax reduction. Belmont County, in relationship with about nine (9) other host counties that are actually seeing oil and gas influx into their counties, has been petitioning to have some of that severance tax returned to the host counties to offset the expenditures that we are seeing. Mr. Papini said he is sure Columbus is not going to share the income they make with St. Clairsville. He said, "We are sitting on a pot of gold; let Columbus fend for themselves." Mr. Probst stated, "Well said." Mrs. Favede said at this point the severance tax does belong to the state. We are lobbying to have some of that redistributed to the host counties that are actually seeing the activity. Mr. Sutak can further explain what we do have which is an ad valorem tax. But that is not even until one year after it is actually physically withdrawn from the ground will be actually be able to count on that. At this point we only have 4 or 6 active wells. Mr. Coffland said we continue to fight the fight that the host counties should get more regarding the oil and gas. He said Commissioner Probst is talking about cuts to Job & Family Services and other funds they continue to cut along with local government. Mr. Coffland said the governor stated his "rainy day fund" is up over \$550 million. He continued saying he understood you need a rainy day fund, but where is the cap at. When is enough, enough? Mr. Probst said we have weathered the storm for quite awhile and kept as many people working as long as possible in our Department of Job & Family Services. Four and five years ago other state Departments of Job & Family Services were laying off massive amounts of people. Now the cuts have become too deep and severe and we had to stop the bleeding. Richard Hord said it appears that the governor is using counties such as Belmont to help balance the state budget at our expense. Mrs. Favede said we are going to see further reductions this year because again this year we are going to see another 25% reduction to local government which is libraries, schools, townships, municipalities including villages, county and cities. This discussion will continue when Auditor Sutak arrives.

IN THE MATTER OF APPROVING MINUTES OF REGULAR BOARD OF COMMISSIONERS MEETING

Motion made by Mr. Probst, seconded by Mr. Coffland to approve the minutes of the Belmont County Board of Commissioners regular meetings of November 7, 2012

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

REMINDER –The Board will hold its annual Reorganization Meeting on Monday, January 14, 2013 at 10:00 a.m. per Ohio Revised Code Section 305.05. The Board will hold their Regular meeting on Wednesday, January 16, 2013 at 10:00 a.m.

IN THE MATTER OF AUTHORIZING EXECUTION OF INVOICE #3 FOR CENTENNIAL PRESERVATION GROUP FOR THE OUE BRICK TAVERN ROOF AND DRAINAGE REHAB PROJECT

Motion made by Mr. Probst, seconded by Mr. Coffland to approve and authorize Commissioner Favede to execute Invoice #3 for Centennial Preservation Group for the OUE Brick Tavern Roof and Roof Drainage Rehab Project, PID 84115, as follows:

ODOT/Federal Share (80%)	\$10,094.40
Local Share (20%)	2,523.60
Total Due:	\$12,618.00

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

IN THE MATTER OF AUTHORIZING EXECUTION OF INVOICE #4 FOR HERITAGE ARCHITECTURAL ASSOCIATES FOR THE OUE BRICK TAVERN ROOF AND DRAINAGE REHAB PROJECT

Motion made by Mr. Probst, seconded by Mr. Coffland to approve and authorize Commissioner Favede to execute Invoice #4 for Heritage Architectural Associates for the OUE Brick Tavern Roof and Roof Drainage Rehab Project, PID 84115, as follows:

ODOT/Federal Share (80%)	\$ 792.00
Local Share (20%)	198.00
Total Due:	\$ 990.00

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

IN THE MATTER OF SIGNING ENGAGEMENT LETTER BETWEEN BELMONT CO. AND AUDITOR OF STATE

Motion made by Mr. Probst, seconded by Mr. Coffland to approve and sign the Engagement Letter between Belmont County and the Auditor of State for services to be provided in regards to the audit of the basic financial statements of Belmont County as of the period ending December 31, 2012; Estimated fees are \$94,464.00.

Note: It is anticipated that the audit will be complete and submitted to the Belmont County Commissioners on or about June 30, 2013.

ENGAGEMENT LETTER

January 2, 2013
Board of County Commissioners
Andy Sutak, Belmont County Auditor
Belmont County
101 West Main Street
St. Clairsville, Ohio 43950

This letter of arrangement between Belmont County (the Government) and the Auditor of State describes the nature and scope of the services we will provide, the Government's required involvement and assistance in support of our services, the related fee arrangements, and other terms and conditions designed to ensure that our professional services satisfy the Government's audit requirements.

Summary of Services

We will audit the Government's basic financial statements as of and for the year ended December 31, 2012. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. The objective of an audit is to express our opinion concerning whether the basic financial statements present fairly, in all material respects, the Government's financial position, changes in financial position, required budgetary comparisons, and cash flows (where applicable), in conformity with U.S. generally accepted accounting principles.

We expect to deliver our report on or about June 30, 2013.

We will audit to form an opinion on the basic financial statements. We will also opine on whether supplementary information is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

We will apply certain limited procedures to required supplementary information. However, we will not opine or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We also will read the other information included in the introductory and statistical sections of the Comprehensive Annual Financial Report (CAFR) and consider whether this information, including the manner of its presentation, is materially consistent with information appearing in the financial section. However, we will not express an opinion or any other assurance on the introductory or statistical sections of the CAFR.

Engagement Team

The engagement will be led by:

- * Charles Barga, CPA, Chief Auditor, who will be responsible for assuring the overall quality, value, and timeliness of our services to you;
- * Rick Carpenter, CGFM, Senior Audit Manager, who will be responsible for managing the delivery of our services to you; and
- * R. Joe Holdren, CPA, Audit Manager, who will be responsible for on-site administration of our services to you.

The Auditing Process

Our Responsibilities:

The *Summary of Services* above describes our responsibilities for the Government's basic statements and other financial information.

We will conduct our audit in accordance with U.S. generally accepted auditing standards and the Comptroller General of the United States' standards for financial audits contained in *Government Auditing Standards* (GAAS), and the Single Audit Act Amendments of 1996, and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards require that we plan and perform the audit to reasonably assure that the financial statements are free of material misstatement. Because of inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatement may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

We may limit certain procedures to selective testing of data. Therefore we might not detect material error and fraud if it exists. It is not cost-efficient to design procedures to detect immaterial error or immaterial fraud. Also, because of the characteristics of fraud, including attempts at concealment through collusion and forgery, a properly designed and executed audit may not detect a material fraud.

We will communicate all instances where we believe fraud *may* exist to you. These would include instances where we:

- Have persuasive evidence that fraud occurred.
- Determined fraud risks exist and were unable to obtain convincing evidence to determine that fraud was unlikely.

Similarly, illegal acts may have occurred. However, our audit provides no assurance that illegal acts generally will be detected and only reasonable assurance that we will detect illegal acts directly and materially affecting the determination of financial statement amounts. We will inform you regarding material error or illegal acts that come to our attention.

If we find indications of abuse, we will expand our tests to determine its financial statement effect. *Government Auditing Standards* defines *abuse* as behavior which while not necessarily a legal violation, is behavior a prudent person would deem improper or deficient. Because this determination is subjective, *Government Auditing Standards* does not expect auditors to provide reasonable assurance of detecting abuse.

If for any reason we are unable to complete the audit or are unable to form an opinion, we may disclaim an opinion on your financial statements. In this unlikely event, we will communicate the reason for disclaiming an opinion to you, and to those charged with governance, in writing.

Your Responsibilities:

Management and those charged with governance are responsible for:

1. Preparing the financial statements and other financial information, including related disclosures and selecting and applying accounting principles in accordance with accounting principles generally accepted in the United States of America.
2. Providing us with:
 - a. Access to all information of which management is aware that is relevant to preparing and fairly presenting the financial statements such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
3. Inform us of events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements.
4. Preparing supplementary information (including the Federal Awards Expenditure Schedule) in accordance with the applicable criteria.
 - a. Include our report on the supplementary information in any document that includes the supplementary information and that indicates that the auditor has reported on this supplementary information.
 - b. Present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
5. Reporting fraud and illegal acts of which you are aware to us.
6. Making available to the auditor draft financial statements and any accompanying other information in time to allow the auditor to complete the audit in accordance with the proposed timeline.
7. Reviewing drafts of the audited financial statements, footnotes, any supplemental information, auditor's reports and any findings; and informing us of any edits you believe may be necessary.
8. Designing and implementing programs and controls to prevent and detect fraud.

You should not rely on our audit as your primary means of detecting fraud.

Compliance with Laws and Regulations

Our Responsibilities:

As part of reasonably assuring whether the financial statements are free of material misstatement, we will test the Government's compliance with certain provisions of laws, regulations, contracts, and grants if noncompliance might reasonably directly and materially affect the financial statements. However, except for major federal financial assistance programs, our objective is not to opine on overall compliance with these provisions.

Your Responsibilities:

Management and those charged with governance are responsible for:

1. Being knowledgeable of, and complying with, laws, regulations, contracts, and grants applicable to the Government.
2. Identifying for us other financial audits, attestation engagements, performance audits, internal audits, reports from regulators or other studies related to the Organization (if any), and the corrective actions taken to address these audits' significant findings and recommendations.

3. Tracking the status of prior audit findings.
4. Taking timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of laws, regulations, contracts or grant agreements, or abuse we may report.
5. Providing your views and planned corrective action on audit findings we may report.

Internal Control

Our Responsibilities:

As a part of our audit, we will obtain an understanding of your Government and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies.

In assessing risk, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of opining on the effectiveness of the entity's internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

Your Responsibilities:

Design, implement and maintain internal control relevant to compliance and the preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error. Appropriate supervisory reviews are necessary to reasonably assure that adopted policies and prescribed procedures are followed.

Your Responsibility for Service Organizations:

Service organizations are entities to which you have outsourced accounting functions. Service organizations process transactions reflected in your Government's financial statements, and therefore fall within the scope of our audit. While service organizations are responsible for establishing and maintaining their internal control, you are responsible for being aware of the service organizations your Government uses, and for establishing controls to monitor the service organization's performance. Because the complexity of service organization transaction processing can vary considerably, your monitoring activities can vary accordingly.

When transaction processing is complex and the volume of transactions is relatively high, obtaining and reviewing a service organization auditor's *Independent Service Auditor's Report on Management's Description of a Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls* Report (Type 2 Service Organization Control Report (SOC 1)) may be the most effective method of meeting your responsibility to monitor a service organization, and may also be the only efficient means by which we can obtain sufficient evidence regarding their internal controls. AT Section 801, *Reporting on Controls at a Service Organization* (SSAE No. 16) discusses the aforementioned report. (In some circumstances, we can accept a suitably-designed agreed-upon procedures report (AUP) in lieu of a SSAE No. 16.) Our staff can discuss SSAE No. 16 and possible monitoring controls you might use with you.

You are responsible for informing our staff of the service organizations your government uses, and for monitoring these service organizations' performance.

Service organizations of which we are aware are:

- Healthcare Billing Systems, Inc. which processes MRDD Medicaid claims.

Please confirm to us that, to the best of your knowledge, the above listing is complete.

Without an acceptable SSAE No. 16 or AUP report for the above-listed organizations, generally accepted auditing standards may require us to qualify our opinion on your Government's financial statements due to an insufficiency of audit evidence regarding service organization transactions included in your Government's financial statements. You are responsible for communicating the need for a SSAE No. 16 or AUP report to these service organizations, and also for communicating the deadline for which we need the report to meet your reporting deadline. We will require the report by approximately May 15, 2013 to meet your reporting deadline of June 30, 2013.

Additional Responsibilities and Reporting Under Circular A-133

Our Responsibilities:

As OMB Circular A-133 requires, we will consider and test the Government's internal control policies and procedures used in administering the federal award programs we determine to be major programs, using criteria from A-133. Based on this consideration and these tests, we will assess risk and determine the nature, timing, and extent of tests of compliance with requirements that, if not complied with, could materially affect a major federal financial assistance program's compliance.

In accordance with A-133, we will prepare the following report:

Independent Accountants' Report on Compliance With Requirements Applicable To Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Our report on compliance will include our opinion on compliance with major federal financial assistance programs and also describe instances of noncompliance with Federal requirements we detect that require reporting per Circular A-133. This report will also describe any significant deficiencies we identify relating to controls used to administer Federal award programs, and identify any significant deficiencies we determine to be material weaknesses. However, this report will not opine on internal control used to administer Federal award programs.

We are also responsible for completing certain parts of OMB Form SF-SAC (the Data Collection Form).

Your Responsibilities:

You are responsible for identifying laws and regulations relating to Federal award programs, and for complying with them. You are responsible for compiling the Federal Awards Expenditure Schedule and accompanying notes. You are also responsible for establishing and maintaining internal control sufficient to reasonably assure compliance with laws and regulations relating to Federal award programs and controls related to preparing the Federal Awards Expenditure Schedule.

You are responsible for following up and taking corrective action on audit findings. You are also responsible for informing us of significant subrecipient relationships and vendor relationships, when a vendor is responsible for complying with Federal program requirements.

You are responsible for completing your government's Data Collection Form and assuring the reporting package (including the Data Collection Form) is filed in accordance with the revised electronic submission requirements effective for audit periods ending in 2008.

Representations from Management

Your Responsibilities

At the conclusion of the engagement, the Government's management will provide to us a representation letter that, among other things, will confirm, to the best of their knowledge and belief:

- Management's responsibility for preparing the financial statements in conformity with generally accepted accounting principles, and the federal awards expenditure schedule in conformity with the applicable accounting basis;
- The availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings;
- Management's responsibility for the entity's compliance with laws and regulations;
- The identification and disclosure to the auditor of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and;
- The absence of fraud involving management or employees with significant roles in internal control.

Additionally, we will request representations, as applicable, regarding:

- The inclusion of all component units, and the disclosure of all joint ventures and other related organizations;
- The proper classification of funds, net assets and fund balances;
- The proper approval of reserves of fund equity;

- Compliance with laws, regulations, and provisions of contracts and grant agreements, including budget laws or ordinances; compliance with any tax or debt limits, and any debt covenants;
- Representations relative to GASB-required supplementary information;
- The identification of all federal assistance programs, and compliance with grant requirements.
- Events occurring subsequent to the fiscal year end requiring adjustment to or disclosure in the financial statements or federal awards expenditure schedule.

Management is responsible for adjusting the financial statements to correct misstatements we may detect during our audit and for affirming to us in the representation letter that the effects of any uncorrected misstatements we aggregate during our engagement and pertaining to the latest period the statements present are immaterial, both individually and in the aggregate, to the opinion units. (*Financial statements* include the related footnotes and required and other supplemental information).

Communication

Our Responsibilities

As part of this engagement the Auditor of State will communicate certain additional matters (if applicable) to the appropriate members of management and to those charged with governance. These matters include

- The initial selection of and changes in significant accounting policies and their application;
- The process management uses to formulate particularly sensitive accounting estimates and the basis for their conclusions regarding the reasonableness of those estimates;
- Audit adjustments, whether posted or waived;
- Any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our opinion;
- Our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters;
- Major issues that were discussed with management related to retaining our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; and
- Serious difficulties we encountered in dealing with management during the audit.

We will present those charged with governance our Summary of Unadjusted Differences (if any) at the conclusion of our audit.

Terms and Conditions Supporting Fee

As a result of our planning process, the Government and the Auditor of State have agreed to an approach designed to meet the Government's objectives for an agreed-upon fee, subject to the following conditions.

Our Responsibilities:

In providing our services, we will consult with the Government regarding matters of accounting, financial reporting or other significant business issues. Accordingly, our fee includes estimated time necessary for this consultation. However, should a matter require research, consultation or audit work beyond this estimate, the Auditor of State and the Government will agree to an appropriate revision in services and fee. These revisions will also be set forth in the form of the attached *Amendment to Letter of Arrangement*.

Your Responsibilities:

The Government will provide in a timely manner all financial records and related information to us, an initial list of which has been [will be] furnished to you, including timely communication of all significant accounting and financial reporting matters, as well as working space and clerical assistance as mutually agreed upon and as is normal and reasonable in the circumstances. When and if for any reason the Government is unable to provide these schedules, information and assistance, the Auditor of State and the Government will mutually revise the fee to reflect additional services, if any, we require to achieve these objectives. These revisions will be set forth in the form of the attached *Amendment to Letter of Arrangement*.

Confidential Information:

You should make every attempt to minimize or eliminate the transmission of personal information to the Auditor of State (AOS). All documents you provide to the AOS in connection with our services including financial records and reports, payroll records, employee rosters, health and medical records, tax records, etc. should be redacted of any personal information. Personal information includes social security numbers, date of birth, drivers' license numbers or financial institution account numbers associated with an individual. The public office should redact all personal information from electronic records before they are transmitted to the AOS. This information should be fully blacked out in all paper documents prior to sending to the AOS. If personal information cannot be redacted from any records or documents; the public office must identify these records to the AOS.

If redacting this personal information compromises the audit or the ability to prepare financial statements, the public office and the AOS will consider these exceptions on a case-by-case basis. Additionally, if redacting this information creates a hardship on the public office in terms of resources, recordkeeping or other issues, the public office and the AOS may collaborate on alternative methods of providing the public office's data to the AOS without compromising the personal information of individuals served by the public office. The AOS is willing to work with the public office and it is our intent to greatly reduce the amount of personal information submitted to the AOS for audit or financial statement preparation purposes. It is important that the public office review internal policies to find ways to eliminate as much personal information from financial records as possible by substituting non-personal information (i.e., change social security numbers to employee identification numbers).

Fee

Except for any changes in fees and expenses which may result from the circumstances described above, we expect our fees and expenses for our audit services will not exceed **\$98,400**.

Pursuant to Ohio Rev. Code Section 117.13, you may charge all of this audit's cost to the general fund or you may allocate the cost among the general fund and other eligible funds in accordance with Auditor of State Bulletin 2009-011.

Access to Our Reports and Working Papers

AU-C 905—*Alert That Restricts the Use of the Auditor's Written Communication* requires our reports to disclose the following:

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards:

This report describes only the scope of our tests of internal control over financial reporting and on compliance and other matters and the results of these tests, and does not opine on the effectiveness of the Government's internal control over financial reporting or on compliance or other matters. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

Independent Accountants' Report on Compliance With Requirements Applicable To Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133:

This report describes the scope of our tests of compliance and internal control over compliance and the results of these tests. While this report does opine on the Government's compliance with *OMB Circular A-133* requirements, it does not provide a legal determination on the Government's compliance with these requirements or an opinion on the effectiveness of internal control over compliance.

Accordingly, this report is not suitable for any other purpose.

AU-C 905 requires us to include this restrictive language in our reports due to concerns that other readers may not fully understand the purpose of the report, the nature of the procedures applied in its preparation, the basis or assumptions used in its preparation, the extent to which the procedures performed are generally known or understood, and the potential for the report to be misunderstood, when taken out of the context for which it was intended.

However, under Revised Code Section 117.26, an audit report becomes a public record under Section 149.43, Revised Code, when we file copies of the report with the public officers enumerated in the Revised Code. When we file the reports, our working papers become available

to the public upon request, subject to information protected for criminal investigations, by attorney-client privilege or by local, state or federal law. AU-C 905 does not affect public access to our reports or working papers.

Under generally accepted auditing standards, we must retain working papers for five years after the release date of our opinion.

Peer Review Report

As required by *Government Auditing Standards*, we have attached a copy of our most recent external quality control review report (Peer Review). The report was unqualified.

Please sign and return this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If you have any questions, please call Rick Carpenter, Senior Audit Manager at 1-800-441-1389.

Very truly yours,
Dave Yost
Auditor of State of Ohio



Charles Barga, CPA, Chief Auditor

Attachment

cc: Audit Committee

Andrew L. Sutak /s/

1-03-2013

Andy Sutak, County Auditor

Date

Charles R. Probst, Jr. /s/

1/9/13

Charles Probst, County Commissioner

Date

Matt Coffland /s/

1/9/13

Matt Coffland, County Commissioner

Date

Ginny Favede /s/

1/9/13

Ginny Favede, County Commissioner

Date

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

IN THE MATTER OF APPROVING THE SIGNING AND SUBMITTAL OF THE COUNTY COMMISSIONER CERTIFICATION FOR THE 2013 SERC (STATE EMERGENCY RESPONSE COMMISSION) GRANT APPLICATION ON BEHALF OF LEPC

Motion made by Mr. Probst, seconded by Mr. Coffland to approve the signing and submittal of the County Commissioner Certification for the 2013 SERC (State Emergency Response Commission) grant application on behalf of the Belmont County L.E.P.C. (Local Emergency Planning Committee).

COUNTY COMMISSIONER CERTIFICATION

I, THE UNDERSIGNED, REPRESENT TO THE SERC THAT ALL THE INFORMATION IS TRUE AND ACCURATE. I FURTHER REPRESENT THAT THE MONEY RECEIVED UNDER THIS GRANT PROGRAM WILL BE USED FOR THE ADMINISTRATION, DEVELOPMENT AND IMPLEMENTATION OF THE STATE SARA TITLE III PROGRAM WITHIN THE GUIDELINES MANDATED BY THE LAW AS PROVIDED IN CHAPTER 3750 OF THE REVISED CODE, FOR THE BELMONT COUNTY L.E.P.C.

Matt Coffland

Ginny Favede

Charles R. Probst, Jr.

COUNTY COMMISSIONERS' NAMES

Matt Coffland /s/

Ginny Favede /s/

Charles R. Probst, Jr., /s/

COUNTY COMMISSIONERS' SIGNATURES

Jan. 9, 2013

Date

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

IN THE MATTER OF ENTERING TWO ROADWAY USE AND MAINTENANCE AGREEMENTS FOR DRILLING PROJECTS AND INFRASTRUCTURE WITH GULFPORT ENERGY CORP.

Motion made by Mr. Probst, seconded by Mr. Coffland to enter into two (2) Roadway Use and Maintenance Agreement for Drilling Projects and Infrastructure with Gulfport Energy Corp. for use of County Roads for ingress and egress to drilling sites based upon the recommendation of Fred Bennett, County Engineer.

- Use of 0.6 miles of County Road 124 (Wright Road) for the Cat Hollow-Bolton site
- Use of 400 feet of County Road 128 (Boston Road) for the Cat Hollow-Bolton site

BELMONT COUNTY ROADWAY USE AND MAINTENANCE AGREEMENT FOR DRILLING PROJECTS AND INFRASTRUCTURE

THIS AGREEMENT is entered into at St. Clairsville, Ohio, by and between THE BELMONT COUNTY COMMISSIONERS, a political subdivision, whose mailing address is 101 W. Main St., Courthouse, St. Clairsville, Ohio 43950 (hereafter "Authority"), and Gulfport Energy Corporation, whose address is 14313 N. May, Suite 100, Oklahoma City, OK 73134 (Hereafter "Operator"), and shall be as follows:

RECITALS

WHEREAS, Authority has control of the several county/township roads within Somerset Township, in Belmont County, Ohio and is required by law to keep such roads in good repair; and

WHEREAS, Operator is the operator of certain oil and gas leasehold, and intends to develop and operate the **Cat Hollow – Bolton site**, including the equipment, facilities, impoundments, and pipelines necessary for the operation of the **Cat Hollow – Bolton site** (hereafter collectively referred to as "oil and gas development site") located in Somerset Township, in Belmont County, Ohio; and

WHEREAS, Operator intends to commence use of 0.6 miles of CR (124 "Wright Road") for the purpose of ingress to and egress from the **Cat Hollow – Bolton site** for traffic necessary for the purpose of constructing sites and drilling horizontal oil and gas wells, and completion operations at the **Cat Hollow – Bolton site** (hereinafter referred to collectively as "Drilling Activity"); and **WHEREAS**, Authority and Operator desire to enter into an agreement, providing for the repair and maintenance of said roads and bridges thereon as a result of such Drilling Activity; and

WHEREAS, if any county or township roads contemplated herein contain any railroad crossings, Section 4 below shall apply; **NOW THEREFORE**, in consideration of the good faith performance by each party of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operator agrees to the maintenance and repair of said roads and bridges, to their pre-Drilling Activity condition or as modified pursuant to Appendix A, thereon for any damages thereto, as a result of Drilling Activity related to such sites.

FURTHER, Operator shall also provide for the strengthening and upgrading of the roads and bridges if mutually agreed to be necessary, prior to the start of Drilling Activity. The areas and structures required to be strengthened and/or upgraded shall be determined by an engineer provided by the Operator with the approval of the County Engineer to be provided within thirty (30) days of a written request submitted by the Operator. Operator's engineer shall provide a written report to the County detailing the condition of the roads and appurtenances covered under this Agreement along with any recommendations, if necessary.

BOTH PARTIES FURTHER AGREE to the following additional terms and conditions:

1. ~~The portion of CR _____, to be utilized by Operator hereunder, is that exclusive portion beginning at _____ (route description here ending at the intersection of CR/TR) _____. It is understood and agreed that the Operator shall not utilize any of the remainder of CR/TR (_____) for any of its Drilling Activities hereunder.~~

2. The portion of CR (124 "Wright Road"), to be utilized by Operator hereunder, is that exclusive portion beginning at The intersection of CR 128 and CR 124, then east approximately 0.6 miles to the Cat Hollow – Bolton Site Access Road wherein Operator's site are to be constructed herein. It is understood and agreed that the Operator shall not utilize any of the remainder of CR (124) for any of its Drilling Activities hereunder.

3. Those portions of said roads and bridges and their appurtenances to be used by Operator hereunder and mutually agreed to require necessary strengthening and/or upgrading by the Operator's Engineer in conjunction with the County Engineer, shall be strengthened and/or upgraded to a condition sufficient and adequate to sustain the anticipated Drilling Activity by Operator, at Operator's sole expense, and with the advice and approval of the County Engineer as detailed in Appendix A. Thereafter, such roads shall be maintained by Operator for damages caused by Operator's Drilling Activity, at Operator's sole expense, throughout the term of this Agreement, to a level consistent with the condition of such roads at the commencement of its use by the Operator hereunder or as modified pursuant to Appendix A, as determined by the Operator's engineer and the Belmont County Engineer. The maintenance of aforementioned roads includes the use of a commercially recognized dust palliative to control the airborne dust created and/or contributed to by the Operator or the Operator's contractors and or agents.

4. The Operator shall give notice to the railroad at least thirty (30) days prior to any known Drilling Activity utilizing a railroad crossing so that a joint inspection can determine the condition of the crossing. Additionally, the Operator shall coordinate all work needing to be performed at a railroad crossing with the railroad company at least thirty (30) days prior to starting work on a railroad crossing. If the railroad company fails to respond to the Operator's notice of work needing to be performed at a railroad crossing within thirty (30) days of receipt of such notice, then the railroad waives all rights it has under this agreement with respect to the work specified in the notice. Work performed at a railroad crossing may include a separate agreement at the railroad's discretion. The Authority shall not be liable for any incidents arising out of or related to work performed at any railroad crossing pursuant to this Agreement or any separate Agreement between the Operator and the railroad company, or lack of notification by Operator.

5. Either the Operator or the Authority may terminate this Agreement with just cause following at least thirty (30) days written notice to the other of its intent to terminate. As soon as possible after receipt of such notice, the Authority and the Operator shall inspect said roads and bridges and their appurtenances. Following final inspection, the parties shall meet, and all restoration resulting from Operator's Drilling Activity shall be identified and thereafter completed by the Operator, at Operator's sole expense. Following completion of all restoration work, this Agreement shall be terminated and of no further force or effect.

6. Unless excepted for the reasons provided below, prior to the Drilling Activity on the Route, Operator shall post a bond or other surety in a form satisfactory to the Authority to cover the costs of any damage caused by the Drilling Activity on the Route by Operator. The amount of the bond or surety shall be in an amount of \$240,000 & 00/100 DOLLARS (\$ 400,000 .00) per mile. However, no such bond or surety shall be required of Operator, if any of the following conditions are satisfied:

- a. A geotechnical analysis of the Route provided by the Operator and mutually accepted by the Authority and Operator exhibits that the Route's condition is sufficient for the expected traffic necessary for the development of the oil and gas development site.
- b. The Operator provides a geotechnical analysis of the Route, mutually accepted by the Authority and Operator, and based on that analysis, an Operator and Authority-approved maintenance plan for the Route or an Operator and Authority-approved preventative repair plan of the Route is attached to the Agreement as an addendum.
- c. The Operator has provided a sufficient bond or surety accepted by the Authority and Operator, in favor of the Authority for road usage by the Operator within the Authority's oversight.

7. All motor vehicles to be utilized by Operator hereunder, whether owned by Operator or others, shall comply with all legal size, load and weight limits in accordance with State Law, and all non-conforming vehicles shall require the proper local permit.

8. Operator shall furnish the Authority with a written Letter of Authority, setting forth all necessary contact information, including a twenty four (24) hour emergency contact number, for the authorized local representative of the Operator, and such information shall be maintained and kept current at all times concerned hereunder.

9. If Authority determines that any additional traffic signage is needed, or desired, as a result of this Agreement and in the interests of safety, then Operator shall provide for such signage at Operator's sole expense. In the event that any other safety concerns should arise during the course of this Agreement, Operator and Authority agree that they will mutually discuss such concerns and reach a resolution satisfactory to all concerned.

10. Operator acknowledges that pursuant to Ohio Attorney General Opinion 2012-029 issued on September 19, 2012, the County is required to comply with Revised Code 4115.03-.16 when the total overall project cost to the Operator is fairly estimated to be more than the amount prescribed in Ohio Revised Code Section 4115.03 (B)(4). Operator further acknowledges that the estimated costs and actual cost of any road maintenance work to be performed pursuant to this agreement is solely within the knowledge of Operator since Operator is responsible for paying 100% of said cost. Therefore, Operator hereby agrees that Operator will take all measures to ensure compliance with Ohio's Prevailing Wage Laws.

11. Operator shall protect, save, indemnify, and hold the Authority, its officials, agents and employees harmless from any liability, claims, damages, penalties, charges, or costs including attorney's fees which may arise or be claimed as a result of any violations of any laws or ordinances, or any loss, damage or expense, including injury or death to any person, from any cause or causes from Drilling Activity whatsoever.

12. Operator assumes all liability for subcontractors and or agents working on Operator's behalf.

13. This Agreement shall be binding upon Operator and Authority, and their respective successors and assigns.

14. In any event that any clause, provision or remedy in this Agreement shall, for any reason, be deemed invalid or unenforceable, the remaining clauses and provisions shall not be affected, impaired or invalidated and shall remain in full force and effect.

15. Agreement shall be governed by the laws of the State of Ohio.

16. This Agreement shall be in effect on January 9, 2013.

Executed in duplicate on the dates set forth below.

4. The Operator shall give notice to the railroad at least thirty (30) days prior to any known Drilling Activity utilizing a railroad crossing so that a joint inspection can determine the condition of the crossing. Additionally, the Operator shall coordinate all work needing to be performed at a railroad crossing with the railroad company at least thirty (30) days prior to starting work on a railroad crossing. If the railroad company fails to respond to the Operator's notice of work needing to be performed at a railroad crossing within thirty (30) days of receipt of such notice, then the railroad waives all rights it has under this agreement with respect to the work specified in the notice. Work performed at a railroad crossing may include a separate agreement at the railroad's discretion. The Authority shall not be liable for any incidents arising out of or related to work performed at any railroad crossing pursuant to this Agreement or any separate Agreement between the Operator and the railroad company, or lack of notification by Operator.

5. Either the Operator or the Authority may terminate this Agreement with just cause following at least thirty (30) days written notice to the other of its intent to terminate. As soon as possible after receipt of such notice, the Authority and the Operator shall inspect said roads and bridges and their appurtenances. Following final inspection, the parties shall meet, and all restoration resulting from Operator's Drilling Activity shall be identified and thereafter completed by the Operator, at Operator's sole expense. Following completion of all restoration work, this Agreement shall be terminated and of no further force or effect.

6. Unless excepted for the reasons provided below, prior to the Drilling Activity on the Route, Operator shall post a bond or other surety in a form satisfactory to the Authority to cover the costs of any damage caused by the Drilling Activity on the Route by Operator. The amount of the bond or surety shall be in an amount of \$0 & 00/100 DOLLARS (\$\$0.00) per mile. However, no such bond or surety shall be required of Operator, if any of the following conditions are satisfied:

- a. A geotechnical analysis of the Route provided by the Operator and mutually accepted by the Authority and Operator exhibits that the Route's condition is sufficient for the expected traffic necessary for the development of the oil and gas development site.
- b. The Operator provides a geotechnical analysis of the Route, mutually accepted by the Authority and Operator, and based on that analysis, an Operator and Authority-approved maintenance plan for the Route or an Operator and Authority-approved preventative repair plan of the Route is attached to the Agreement as an addendum.
- c. The Operator has provided a sufficient bond or surety accepted by the Authority and Operator, in favor of the Authority for road usage by the Operator within the Authority's oversight.

7. All motor vehicles to be utilized by Operator hereunder, whether owned by Operator or others, shall comply with all legal size, load and weight limits in accordance with State Law, and all non-conforming vehicles shall require the proper local permit.

8. Operator shall furnish the Authority with a written Letter of Authority, setting forth all necessary contact information, including a twenty four (24) hour emergency contact number, for the authorized local representative of the Operator, and such information shall be maintained and kept current at all times concerned hereunder.

9. If Authority determines that any additional traffic signage is needed, or desired, as a result of this Agreement and in the interests of safety, then Operator shall provide for such signage at Operator's sole expense. In the event that any other safety concerns should arise during the course of this Agreement, Operator and Authority agree that they will mutually discuss such concerns and reach a resolution satisfactory to all concerned.

10. Operator acknowledges that pursuant to Ohio Attorney General Opinion 2012-029 issued on September 19, 2012, the County is required to comply with Revised Code 4115.03-.16 when the total overall project cost to the Operator is fairly estimated to be more than the amount prescribed in Ohio Revised Code Section 4115.03 (B)(4). Operator further acknowledges that the estimated costs and actual cost of any road maintenance work to be performed pursuant to this agreement is solely within the knowledge of Operator since Operator is responsible for paying 100% of said cost. Therefore, Operator hereby agrees that Operator will take all measures to ensure compliance with Ohio's Prevailing Wage Laws.

11. Operator shall protect, save, indemnify, and hold the Authority, its officials, agents and employees harmless from any liability, claims, damages, penalties, charges, or costs including attorney's fees which may arise or be claimed as a result of any violations of any laws or ordinances, or any loss, damage or expense, including injury or death to any person, from any cause or causes from Drilling Activity whatsoever.

12. Operator assumes all liability for subcontractors and or agents working on Operator's behalf.

13. This Agreement shall be binding upon Operator and Authority, and their respective successors and assigns.

14. In any event that any clause, provision or remedy in this Agreement shall, for any reason, be deemed invalid or unenforceable, the remaining clauses and provisions shall not be affected, impaired or invalidated and shall remain in full force and effect.

15. Agreement shall be governed by the laws of the State of Ohio.

16. This Agreement shall be in effect on January 9, 2013.

Executed in duplicate on the dates set forth below.

By: Ginny Favede /s/
Commissioner

By: Charles R. Probst, Jr. /s/
Commissioner

By: Matt Coffland /s/
Commissioner

By: Fred Bennett /s/
County Engineer

Dated: 01/09/13

Approved as to Form: David K. Liberati /s/
County Prosecutor

By: James D. Palm /s/

Printed Name: James D. Palm

Company Name: Gulfport Energy Corporation

Title: CEO

Dated: 1/4/13

Appendix A

Operator shall:

- 1. The Video Tape to be Utilized "prior to Drilling Activity" shall be Belmont County Engineer's Video Tape 7/12/2012.
- 2. Provide an engineering report detailing pavement thickness and composition, base thickness and composition, and subgrade composition, as and if reasonably determinable. Engineering report to also provide an analysis of conditions along with a recommendation, if mutually agreed to be necessary, for upgrading roadway to handle anticipated Drilling Activity.
- 3. Upgrade CR/TR in accordance with the attached plans and/or county standards.
- 4. Maintain CR/TR during Drilling Activities for those damages caused by said Drilling Activities.
- 5. Reimburse the Authority for minor maintenance of the road during the hauling period (or provide for a contractor to perform minor maintenance on 24 hour notice) for damages caused by Drilling Activities.
- 6. Utilize only ODOT Prequalified Contractors to perform work within the County rights of way and on County bridges. Said Contractors shall pay prevailing wage rates in accordance with Ohio Law.
- 7. Properly complete and submit to the Belmont County Commissioner's designated Prevailing Wage Coordinator (Jack Regis (740)310-3402) any and all forms and reports necessary to show compliance.
- 8. The bond for Boston Road for the Slope Creek - Stutzman site on Rock River Road (Bond No. RLB0014770) shall remain in place for this road use maintenance agreement.

Authority shall:

- 1) Provide for minor maintenance of the road during the Drilling Activity for damages not caused by said Drilling Activity. For any work that is to be reimbursed by the Operator to the Authority, Authority agrees to give 24 hour prior notice to the Operator (or agrees to notify Operator when maintenance is needed).

2) Provide for maintenance of the roadway and bridges for damages not caused by the Drilling Activity at the Authority's cost and expense, including snow/ice control, mowing, etc.
The intent of this Appendix A is to include anything agreed to by the parties. If the Authority wants plans prior to construction, then include – etc., etc.
The parties could also address the scenario where more than one Operator is involved on the same Route.
Upon roll call the vote was as follows:

Mr. Probst Yes
Mr. Coffland Yes
Mrs. Favede Yes

IN THE MATTER OF AUTHORIZING BOARD PRESIDENT TO EXECUTE THE SUBGRANTAWARD AND CERTIFICATION FOR THE JUVENILE ACCOUNTABILITY BLOCK GRANT/ BELMONT HARRISON JUVENILE DISTRICT

Motion made by Mrs. Favede, seconded by Mr. Coffland to authorize the Board President Charles R. Probst, Jr. to execute the Subgrant Award and Certification Form for The Juvenile Accountability Block Grant (Subgrant# 2011-JB-002-B002) awarded December 18, 2012 to The Belmont Harrison Juvenile District in the amount of \$10,000.00, effective 01/01/13-03/31/13, per the request of Dawn Barack, Executive Director; local match of \$1,111.00 to come from the Belmont County General Fund.

Upon roll call the vote was as follows:

Mrs. Favede Yes
Mr. Coffland Yes
Mr. Probst Yes

IN THE MATTER OF APPROVING AND SIGNING THE GENERAL WARRANTY DEED FOR THE TRANSFER OF LOT #29 SITUATED IN FOX COMMERCE PARK TO THE BELMONT COUNTY CIC

Motion made by Mr. Probst, seconded by Mr. Coffland to approve and sign the General Warranty Deed for the transfer of Lot #29 situated in the Fox Commerce Park from the County of Belmont, by and through the Belmont County Commissioners, to the Belmont County Community Improvement Corporation.

Note: This is for an expansion for i2i Mobile Marketing.

GENERAL WARRANTY DEED

THE COUNTY OF BELMONT, a political subdivision of the State of Ohio, by and through the Belmont County Commissioners, the Grantor, for valuable consideration paid, grants, with covenants of general warranty, to **THE BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION**, a non-profit corporation, the Grantee, whose tax mailing address is 117 East Main Street, St. Clairsville, Ohio 43950, the following described real property:

Situated in the County of Belmont, State of Ohio, Richland Township, Section 32 and 33, Township 7, Range 4 and being identified as Lot 29 of the Belmont County Fox Commerce Park of record in Cabinet E, Slide 318 of the Records of Plats of Belmont County, Ohio.
Parcel No. 33-00032.024.

Subject to the restrictive covenants for Belmont County Fox Commerce Park which are set forth more specifically on the Plat of record in Cabinet E, Slide 318 of the Records of Plats of Belmont County, Ohio.

Also excepting and reserving all conveyances, restrictions, exceptions, reservations and easements, including coal and/or other minerals heretofore sold and conveyed, or of record.

Being a part of the same premises conveyed to the County of Belmont, Ohio by Warranty Deed of record in Volume 752, Page 356, of the Records of Deeds of Belmont County, Ohio.

SUBJECT TO AND EXCEPTING taxes and assessments for the year 2012 and thereafter which taxes and assessments the Grantee assumes and agrees to pay as a part of the consideration for this conveyance.

Executed this 9th day of January, 2013.

THE COUNTY OF BELMONT, OHIO
By: Ginny Favede /s/
Ginny Favede
By: Charles R. Probst, Jr. /s/
Charles R. Probst, Jr.
By: Matt Coffland /s/
Matt Coffland

Upon roll call the vote was as follows:

Mr. Probst Yes
Mr. Coffland Yes
Mrs. Favede Yes

IN THE MATTER OF APPROVING ALLOCATION OF MONIES TO THE BELMONT CO. DOD/CIC FOR 1ST QUARTER 2013

Motion made by Mr. Probst, seconded by Mr. Coffland to approve the allocation of \$ 18,750.00 to the Belmont County Department of Development/Community Improvement Corporation for program operations for the 1st quarter of 2013.

Upon roll call the vote was as follows:

Mr. Probst Yes
Mr. Coffland Yes
Mrs. Favede Yes

IN THE MATTER OF APPROVING A PAY INCREASE FOR MS. BRENDA LUCAS, DEPUTY CLERK FOR BELMONT COUNTY WESTERN DIVISION COURT

Motion made by Mr. Probst, seconded by Mr. Coffland to approve a \$.50 per hour pay increase for Ms. Brenda Lucas, deputy clerk for Belmont County Western Division Court, effective with pay period ending January 26, 2013, based upon the recommendation of Judge Harry W. White. Ms. Lucas has successfully completed her 120-day probationary period.

Upon roll call the vote was as follows:

Mr. Probst Yes
Mr. Coffland Yes
Mrs. Favede Yes

IN THE MATTER OF APPROVING A PAY INCREASE FOR JACLYNN SMOLENAK, ASSISTANT CLERK/ COMMISSIONERS

Motion made by Mr. Probst, seconded by Mr. Coffland to approve a \$.50 per hour pay increase for commissioners' employee Jaclynn Smolenak, Assistant Clerk, effective pay period ending January 12, 2013, based upon the successful completion of her probationary period.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

DISCUSSION HELD RE: AUDITOR ANDY SUTAK PROVIDES INFORMATION ABOUT THE OIL AND GAS INDUSTRY –

The discussion continued from Open Public Forum wherein Frank Papini questioned where the money was going to from the oil and gas industry and specifically monies from our county. Mr. SUTAK advised that townships, villages, park districts, etc., have had their local government funding (LGF) cut by 50%. Before the latest cuts, they were cut years ago. Political subdivisions used to get personal property tax that was based on items such as machinery, equipment, and inventory of all businesses. That has been done away with by the state. Also, back in the late 1980's early 1990's utilities were deregulated. The value was lost and the taxes they were paying to the political subdivisions to provide services for police, fire, and roads has been reduced down and cut back also. A statutory requirement was put in that the state was going to reimburse all the political subdivisions for the loss of personal property and public utility taxes, but that has also been cut. The state put a CAT tax in. This was to be paid by businesses to the state and be used to reimburse for loss of personal property. The CAT monies are still in Columbus, it is still being paid into and nothing is coming back. An excise tax was put on public utilities and was to reimburse the political subdivisions. That was stopped and the excise tax monies are being kept in Columbus. These revenue sources that are being kept in Columbus was our tax base at one time. Mr. SUTAK said he can't even imagine with the influx of all the equipment that is coming through and some of the new construction right now in our county, the pipelines and pipes, if we still had a personal property tax for inventory, machinery and equipment, how much tax dollars that would have brought into all our political subdivisions. He said the Board of Developmental Disabilities, Senior Services, Mental Health, Children Services Levy and our General Fund all have lost money. Now we are trying to compensate. There has been a major influx of people coming in and drilling. But the only tax base that we get from that is if they make purchases or patronize a restaurant and we get the sales tax.

He further explained you have natural gas, liquid gas and oil. Three different petroleum type products. Natural gas is a market affiliation type of money. During bad winters you sell a lot of natural gas. Natural gas is not here yet. We are drilling and some of the wells have been capped, but we are not producing. If we hit major liquid gas, that is pretty much a 12 month out of the year continual flow. He hopes we would get a lot of this. The big key is oil. If you hit large quantities of oil, it is a 12 month out of the year continual process. Many trucks will have to come in and take it to a refinery. He is hoping we get a refinery. Mr. SUTAK said our extra budgetary money used to come from interest back when we were getting around \$2 million. We are barely scratching \$600,000.00 now. Things are coming slowly, but these operations are not here yet.

Mr. Papini asked when the wells are drilled and the product is coming out of the ground, where does the money go? Does it go to Columbus and then they appropriate Belmont County its meager share? Mr. SUTAK answered, "No." He advised we tax natural gas, liquid gas and oil. It is called an ad valorem tax. It is an extraction tax on the volume you extract. There is a formula the State Dept. of Taxation sends us and based on that volume, and we apply a value based on that formula, and all the districts that there is gas and oil coming out of, will receive a portion of the money. The state reaps the benefits of the severance tax, well permits and a portion per barrels of brine that goes in a well. We get nothing. The township roads that are being traveled on by these trucks get nothing. We fought this. If the state is going to keep the ad valorem tax, he would like it to be made a current tax. He concluded by stating things are slowly getting better, but we need a plant to replace the industries that we have lost.

IN THE MATTER OF ENTERING EXECUTIVE SESSION

Motion made by Mr. Probst, seconded by Mr. Coffland to enter executive session pursuant to ORC 121.22(G)(1) Personnel Exception to consider the dismissal and appointment of a public employee.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

IN THE MATTER OF ADJOURNING EXECUTIVE SESSION

Motion made by Mr. Probst, seconded by Mr. Coffland to exit executive session at 12:20 p.m..

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

AS A RESULT OF EXECUTIVE SESSION, NO ACTION WAS TAKEN.

BREAK

RECONVENE JANUARY 10, 2013, AT 11:00 A.M. ALL COMMISSIONERS PRESENT AND ASSISTANT CLERK, KATHY MARINO.

IN THE MATTER OF ENTERING EXECUTIVE SESSION AT 11:00 A.M.

Motion made by Mr. Probst, seconded by Mr. Coffland to enter executive session with Christine Palmer, HR Manager, and Consultant Mark Lucas, of Clemans-Nelson & Associates, via telephone conference, pursuant to ORC 121.22(G)(1) Personnel Exception to consider the dismissal and appointment of a public employee.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

AT 11:30 A.M., A BREAK WAS TAKEN FROM EXECUTIVE SESSION. THE BOARD IS WAITING ON ADDITIONAL INFORMATION AND WILL RETURN TO EXECUTIVE SESSION ONCE THAT IS RECEIVED.

IN THE MATTER OF ADJOURNING

EXECUTIVE SESSION AT 12:30 P.M.

Motion made by Mr. Probst, seconded by Mr. Coffland to exit executive session at 12:30 p.m.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

AS A RESULT OF EXECUTIVE SESSION, NO ACTION WAS TAKEN.

BREAK

**IN THE MATTER OF ENTERING
EXECUTIVE SESSION**

Motion made by Mr. Probst, seconded by Mrs. Favede to enter executive session with Christine Palmer, HR Manager, and Attorney Jeff Stankunas, via telephone conference, pursuant to ORC 121.22(G)(1) Personnel Exception to consider the dismissal and appointment of a public employee.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mrs. Favede	Yes
Mr. Coffland	Yes

**IN THE MATTER OF ADJOURNING
EXECUTIVE SESSION AT 3:35 P.M.**

Motion made by Mr. Probst, seconded by Mrs. Favede to exit executive session at 3:35 p.m.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mrs. Favede	Yes
Mr. Coffland	Yes

BREAK

RECONVENED FRIDAY, JANUARY 11, 2013, AT 2:00 P.M. ALL COMMISSIONERS PRESENT AND ASSISTANT CLERK KATHY MARINO.

**IN THE MATTER OF ENTERING
EXECUTIVE SESSION AT 2:00 P.M.**

Motion made by Mr. Probst, seconded by Mr. Coffland to enter executive session with Attorney Jeff Stankunas and Christine Palmer, HR Manager, pursuant to ORC 121.22(G)(1) Personnel Exception to consider the dismissal and appointment of a public employee.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

**IN THE MATTER OF ADJOURNING
EXECUTIVE SESSION AT 3:50 P.M.**

Motion made by Mr. Probst, seconded by Mr. Coffland to exit executive session at 3:50 p.m.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

AS A RESULT OF EXECUTIVE SESSION THE FOLLOWING ACTION WAS TAKEN:

Human Resource Manager Christine Palmer read the following statement:

As you know, I've been investigating and handling, pursuant to your prior direction, issues at 911 that have arisen out of the incident that occurred on November 18, 2012.

Through my review of e-mails, statements, and my own personal conversations, I believe the Director has acted in a disrespectful, insubordinate, dishonest, and deceptive manner with regard to her efforts to issue discipline to a 911 Dispatcher. The Director has otherwise failed to exhibit good behavior by working without the Board's authority and/or against the Board's direction. As a department head and unclassified employee, I'm recommending that you have grounds to remove her from Administrative Leave with Pay and to proceed with termination of employment effective immediately.

**IN THE MATTER OF THE TERMINATION
OF 911 DIRECTOR ROBYN MARSHALL**

Motion made by Mr. Probst, based upon HR Manager Mrs. Christine Palmer's recommendation, to terminate 911 Director Mrs. Robyn Marshall's employment immediately and direct Mrs. Christine Palmer to notify Mrs. Robyn Marshall of the same, and also recommend Bryan Minder shall continue as Acting Director until a permanent appointment can be made.

Seconded by Mr. Coffland.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

**IN THE MATTER OF ADJOURNING
COMMISSIONERS MEETING AT 3:52 P.M.**

Motion made by Mr. Probst, seconded by Mr. Coffland to adjourn the meeting at 3:52 p.m.

Upon roll call the vote was as follows:

Mr. Probst	Yes
Mr. Coffland	Yes
Mrs. Favede	Yes

Read, approved and signed this 16th day of January, 2013.

_____ COUNTY COMMISSIONERS

We, Charles R. Probst, Jr. and Jayne Long, President and Clerk respectively of the Board of Commissioners of Belmont County, Ohio, do hereby certify the foregoing minutes of the proceedings of said Board have been read, approved and signed as provided for by Sec. 305.11 of the Revised Code of Ohio.

_____ PRESIDENT

_____ CLERK