

CENTURY-VOLGA PUBLIC SERVICE
DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

Closing Date: June 13, 2003

BOND TRANSCRIPT

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BOND TRANSCRIPT

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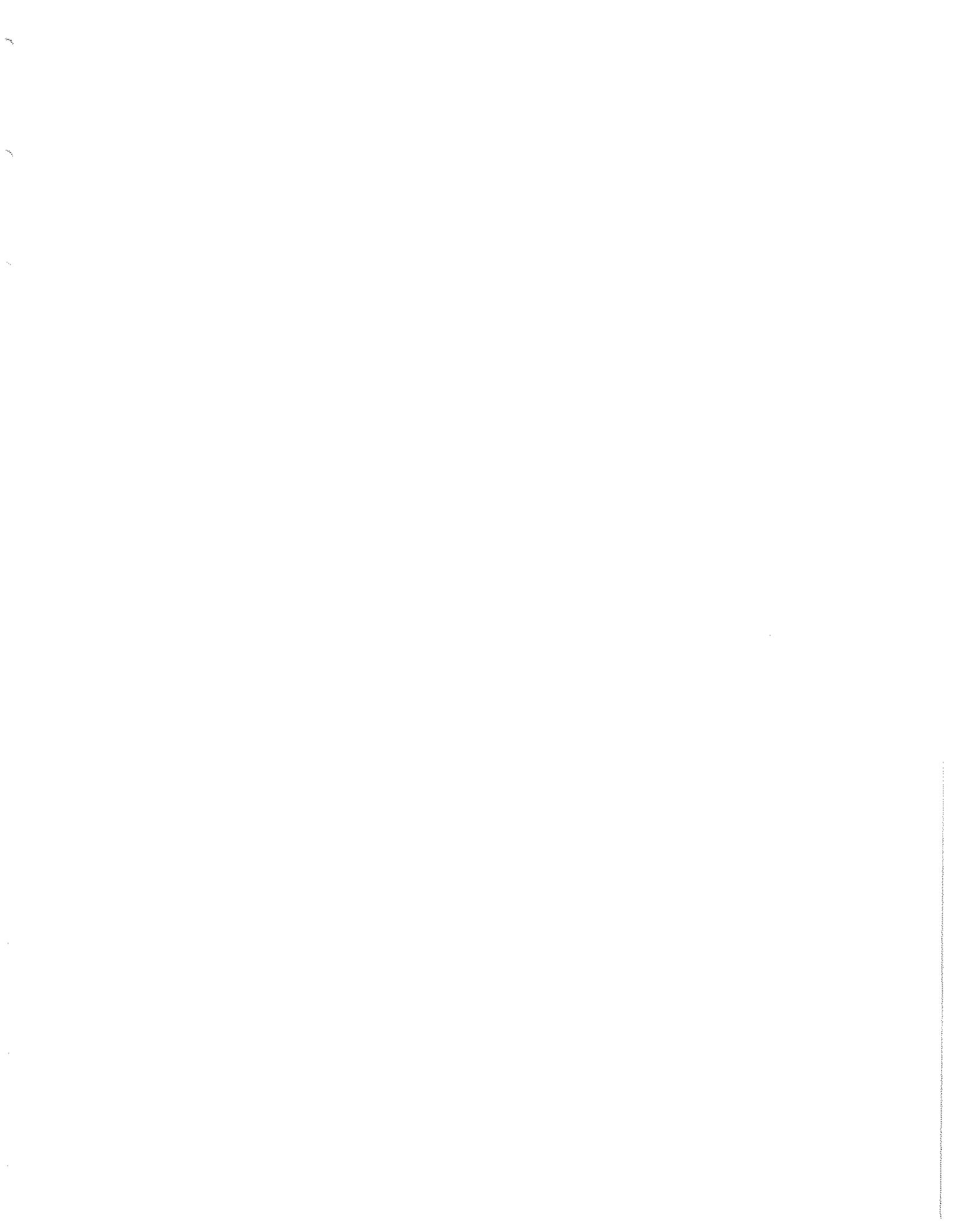
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CENTURY-VOLGA PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2003 A
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BOND RESOLUTION

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CENTURY-VOLGA PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$377,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Century-Volga Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Barbour County of said State, duly created pursuant to the Act by The County Commission of Barbour County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public

service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of approximately 76,000 linear feet of waterlines and two pressure reducing stations to serve approximately 138 customers, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all funds and accounts and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,901,000, of which \$377,000 will be obtained from the proceeds of sale of the Bonds herein authorized, \$789,000 will be obtained from an initial grant from the Purchaser, \$196 will be obtained from a subsequent grant from the Purchaser and \$539,000 will be obtained from a grant from the Appalachian Regional Commission.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), in the aggregate principal amount of \$377,000 (the "Series 2003 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2003 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the

Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. There is outstanding an obligation of the Issuer which will rank on a parity with the Series 2003 A Bond as to liens, pledge and source of and security for payment, being the Water Refunding Revenue Bond, Series 1998 A, dated December 18, 1998, issued in the original aggregate principal amount of \$173,800 (the "Series 1998 A Bond") and the Water Revenue Bond, Series 1998 B, dated December 18, 1998, issued in the original aggregate principal amount of \$1,150,000 (the "Series 1998 B Bond"). The Series 1998 A Bond and Series 1998 B Bond are hereinafter collectively referred to as the "Prior Bonds". Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2003 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 27, 2001, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2003 A Bonds, or will have so complied prior to issuance of the Series 2003 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2003 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2003 A Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Series 2003 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means Hornor Brothers Engineers, Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Barbour County Bank, Philippi, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America.

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Century-Volga Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Barbour County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 27, 2001, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2003 A Bonds in the then current or any succeeding year.

"Net Revenues" means the balance of the Gross Revenues, as defined below, remaining after deduction of Operating Expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1998 A Bonds and the Series 1998 B Bonds, as more fully defined in Section 1.02(G).

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively adopted authorizing the issuance of the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e)

above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolutions and the Bond Legislation.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"Series 2003 A Bonds" means the Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$1,901,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2003 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2003 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2003 A (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of \$377,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2003 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2003 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.50% per annum, and shall be sold for the par value thereof.

The Series 2003 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2003 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2003 A Bonds, and the right to principal of and stated interest on the Series 2003 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2003 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2003 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2003 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2003 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2003 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2003 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2003 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2003 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2003 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2003 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2003 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2003 A Bonds shall cease to be such officer of the Issuer before the Series 2003 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2003 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2003 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2003 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2003 A Bonds shall have

matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2003 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2003 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2003 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2003 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2003 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$377,000

No. AR-1

Date: _____

FOR VALUE RECEIVED, CENTURY-VOLGA PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of 4.50% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$1,731, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2003, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

- 1) WATER REFUNDING REVENUE BOND, SERIES 1998 A, DATED DECEMBER 18, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$173,800; AND
- 2) WATER REVENUE BOND, SERIES 1998 B, DATED DECEMBER 18, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,150,000.

IN WITNESS WHEREOF, CENTURY-VOLGA PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

CENTURY-VOLGA PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Drawer C
P. O. Box No. or Street Address)

Century-Volga, West Virginia 25831
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
TOTAL		\$	_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond on the books kept
for registration of the within Bond of the said Issuer with full power of substitution in the
premises.

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Depreciation Reserve (established by the Prior Resolution); and
- (3) Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and from each other:

- (1) Series 2003 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2003 A Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2003 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds.

So long as any of the Series 2003 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2003 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2003 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2003 A Bonds as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. **DISPOSITION OF REVENUES.** All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolutions not otherwise modified herein:

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2003 A Bonds, transfer from the Revenue Fund and remit (i) remit to the Paying Agents designated in the Prior Bonds, the amounts required to pay the interest on and principal of the Prior Bonds, and (ii) to the National Finance Office, the amounts required to pay the interest on the Series 2003 A Bonds and to amortize the principal of the Series 2003 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2003 A Bonds shall be made on an equal pro rata basis in accordance with the

respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank for deposit into the respective Reserve Accounts for the Prior Bonds, the amounts required by the Prior Resolutions; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2003 A Bonds Reserve Account, an amount equal to 0.4167% of the Minimum Reserve, until the amount in the Series 2003 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2003 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2003 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2003 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2003 A Bonds, or for mandatory prepayment of the Series 2003 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2003 A Bond Reserve Account, so long as the Series 2003 A Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for the deposit in the Depreciation Reserve (i) the amounts required by the Prior Resolutions for the Prior Bonds; (ii) beginning on the date specified by the Purchaser, but in any event not later than the 12th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, an amount equal to 0.4167% of the Minimum Reserve, until the amount in the Series 2003 A Bonds Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 2003 A Bonds are outstanding; provided, however, that in the event Revenues are

insufficient to fund the Series 2003 A Bonds Reserve Account in accordance with Section 4.04B above, or a withdrawal of funds from the Series 2003 A Bonds Reserve Account is made, payment of Revenues into the Renewal and Replacement Fund as provided in this Section 4.04B shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2003 A Bonds Reserve Account until such deficiency is cured, at which time payments into the Renewal and Replacement Fund as provided in this Section 4.04B shall resume. Monies in the Renewal and Replacement Fund shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Series 2003 A Bonds as the same become due, and next to restore to the Series 2003 A Bonds Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments are current and in accordance with the foregoing provisions, monies in the Renewal and Replacement Fund may be withdrawn by the Issuer and used for replacements, repairs, improvements or extensions to the System.

(5) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Series 2003 A Bonds Reserve Account shall be sufficient to prepay the Series 2003 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2003 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2003 A Bonds Reserve Account. The Depository Bank is hereby redesignated as the Fiscal Agent for the Depreciation Reserve as herein provided. All amounts required for the Series 2003 A Bonds Reserve Account and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 2003 A Bonds Reserve Account and the Depreciation Reserve shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser

shall have a lien thereon for further securing payment of the Series 2003 A Bonds and the interest thereon.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2003 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2003 A Bonds Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2003 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2003 A Bonds, provide evidence that there will be at least 110 bona fide

users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

E. **CHARGES AND FEES.** The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

F. **INVESTMENT OF EXCESS BALANCES.** The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

G. **REMITTANCES.** All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

H. **GROSS REVENUES.** The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2003 A Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$377,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2003 A Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2003 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2003 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2003 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2003 A Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2003 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2003 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds than proposed to be issued.

No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2003 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2003 A Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2003 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2003 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2003 A Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2003 A Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2003 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights; provided that prior to the Purchaser taking any action regarding any security interest or the lien security the Series 2003 A Bonds.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Series 2003 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2003 A Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on May 27, 2003, Case No. 02-1845-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2003 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2003 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2003 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2003 A Bonds, the Issuer may not defease the Series 2003 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2003 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2003 A Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 11th day of June, 2003.

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

By: Donald Cleaver
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of CENTURY-VOLGA PUBLIC SERVICE DISTRICT on the 11th day of June, 2003.

Dated: June 13, 2003.

[SEAL]



Terry R. Hoods
Secretary

06/03/03
138930.00001

CENTURY-VOLGA PUBLIC SERVICE DISTRICT
WATER REFUNDING REVENUE BOND, SERIES 1998 A

BOND RESOLUTION

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CENTURY-VOLGA PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF AN OUTSTANDING LOAN, DATED APRIL 10, 1993, OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$173,800 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BOND, SERIES 1998 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any orders or resolutions supplemental hereto, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. Century-Volga Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Barbour County of said State duly created pursuant to the Act by The County Commission of Barbour County.

B. The Issuer currently owns and operates a public waterworks system.

C. The Issuer has heretofore borrowed a loan dated April 10, 1993, in the original aggregate principal amount of \$212,491.86 (the "Prior Loan"), from Belington Bank.

D. It is in the best interest of the Issuer that the Prior Loan be currently refunded in order to allow the Issuer to take advantage of the interest savings.

E. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bond, Series 1998 A (the "Series 1998 A Bond"), in the total aggregate principal amount of not more than \$173,800, to pay in full the entire outstanding principal of and interest accrued on the Prior Loan, and to pay the costs of issuance thereof and related costs.

F. It is in the best interest of the Issuer that the Series 1998 A Bond be sold to the Purchaser (as hereinafter defined), pursuant to the terms and provisions of the commitment letter of such Purchaser.

G. The Issuer has complied with all requirements of West Virginia law relating to authorization of the refunding of the Prior Loan and the issuance of the Series 1998 A Bond, or will have so complied prior to issuance of the Series 1998 A Bond.

H. There is outstanding an obligation of the Issuer which will rank on a parity with the Series 1998 A Bond as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1998 B (United States Department of Agriculture), dated December 18, 1998, issued concurrently herewith in the original aggregate principal amount of \$1,150,000 (the "Series 1998 B Bond"). Other than the Series 1998 B Bond, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1998 A Bond by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 1998 A Bond.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

"Bondholder," "Holder," "Registered Owner" or any similar term whenever used herein means the person in whose name the Bond is registered.

"Bond Legislation," "Resolution" or "Bond Resolution" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" or "Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 1998 A Bond, the Series 1998 B Bond and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Chairman" means the Chairman of the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 1998 A Bond for the proceeds representing the purchase price of the Series 1998 A Bond from the Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time and the Regulations thereunder.

"Depository Bank" means Barbour County Bank, Philippi, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which is guaranteed by, the United States of America.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Century-Volga Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Barbour County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 B Bond in the then current or any succeeding year.

"Net Proceeds" means the face amount of the Series 1998 A Bond, plus accrued interest and premium, if any, and less original issue discount, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1998 A Bond, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, as defined below, remaining after deduction of Operating Expenses, as defined below.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1998 A Bond and is not acquired in order to carry out the governmental purpose of the Series 1998 A Bond.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Series 1998 B Bond Reserve Account and Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

"Paying Agent" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Prior Loan" means the outstanding loan, dated April 10, 1993, of the Issuer described in Section 1.02C hereof.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

"Purchaser" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must

be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"1998 B Resolution" means the resolution adopted by the Issuer on December 18, 1998, authorizing the Series 1998 B Bond.

"Resolutions" means, collectively, this Bond Legislation and the 1998 B Resolution.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1998 A Bond" means the Water Refunding Revenue Bond, Series 1998 A, authorized hereby to be issued pursuant to this Bond Legislation.

"Series 1998 B Bond" means the Water Revenue Bond, Series 1998 B (United States Department of Agriculture), of the Issuer described in Section 1.02H hereof.

"Series 1998 B Bond Reserve Account" means the Series 1998 B Bond Reserve Account created by the 1998 B Resolution for the Series 1998 B Bond.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1998 A Bond; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1998 A Bond and not so included may be included in another Supplemental Resolution.

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BOND

Section 2.01. Authorization of Bond. For the purposes of paying in full the principal of and interest accrued on the Prior Loan and paying the costs of issuance thereof and related costs, there is hereby authorized to be issued the Water Refunding Revenue Bond, Series 1998 A, of the Issuer, in the aggregate principal amount of not more than \$173,800.

Section 2.02. Terms of Bond. The Series 1998 A Bond shall be issued in fully registered form; shall be dated such date; shall be in such principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate; shall be payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part; and shall have such other terms, all as the Issuer shall prescribe in a Supplemental Resolution.

Section 2.03. Execution of Bond. The Series 1998 A Bond shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1998 A Bond shall cease to be such officer of the Issuer before the Series 1998 A Bond so signed and sealed have been actually sold and delivered, the Series 1998 A Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed the Series 1998 A Bond had not ceased to hold such office. The Series 1998 A Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of the Series 1998 A Bond shall hold the proper office in the Issuer, although at the date of the Series 1998 A Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Authentication and Registration. No Series 1998 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 2.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar.

Section 2.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1998 A Bond shall be and

have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1998 A Bond, shall be conclusively deemed to have agreed that the Series 1998 A Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that the Series 1998 A Bond shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1998 A Bond remains outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Series 1998 A Bond.

The registered Series 1998 A Bond shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 1998 A Bond or transferring the registered Bond are exercised, the Series 1998 A Bond shall be delivered in accordance with the provisions of this Bond Legislation. The Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Series 1998 A Bond, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such transfer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Series 1998 A Bond during the 15 days preceding an interest payment date on the Series 1998 A Bond or after notice of any prepayment of the Series 1998 A Bond has been given.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 1998 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of like tenor as the Series 1998 A Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Series 1998 A Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. The Series 1998 A Bond so surrendered shall be cancelled by the Bond Registrar and held for the account of the

Issuer. If the Series 1998 A Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 2.07. Bond not to be Indebtedness of the Issuer. The Series 1998 A Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder of the Series 1998 A Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 A Bond or the interest thereon.

Section 2.08. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1998 A Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, all on a parity with the Series 1998 B Bond. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.09. Form of Bond. The text of the Series 1998 A Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

WATER REFUNDING REVENUE BOND, SERIES 1998 A

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That CENTURY-VOLGA PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Barbour County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources provided therefor, as hereinafter set forth, to the order of

- THE HUNTINGTON NATIONAL BANK -

or registered assigns (the "Registered Owner"), the principal sum of _____ DOLLARS (\$ _____), plus interest as follows:

A. This Bond shall bear interest on the outstanding principal amount thereof from the date hereof to and including the maturity or earlier prepayment date, at a rate per annum equal to 1.15% less the highest prime rate of interest set forth in The Wall Street Journal in a column entitled "Money Rates", or its successor (the "Prime Rate"), in effect on December 18, 1998, to be adjusted annually on December 18 or the first Business Day (as defined in the hereinafter defined Bond Legislation) thereafter (the "Tax-Exempt Rate").

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate per annum equal to 2% over the Prime Rate in effect on the date of such Determination of Taxability, to be adjusted annually on December 18 or the first Business Day thereafter (the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire

principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. The principal of and interest on this Bond shall be payable monthly, commencing January 18, 1999, and continuing on the 18th day of each month thereafter, to and including December 18, 2008. If not sooner paid, the entire principal amount of this Bond unpaid on December 18, 2008, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond is payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of The Huntington National Bank, Elkins, West Virginia, as Registrar and Paying Agent.

This Bond is subject to prepayment of principal and interest to the date of prepayment, in whole or in part, at any time, without penalty.

This Bond is issued (i) to pay in full the entire outstanding principal of and interest accrued on a loan of the Issuer, dated April 10, 1993, and (ii) to pay the costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BOND, SERIES 1998 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 18, 1998, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,150,000 (THE "SERIES 1998 B BOND").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the holders of the Series 1998 B Bond.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Registered

Owner, for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to such registration requirements, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond and the interest hereon are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, CENTURY-VOLGA PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 199_____.

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 199____.

**THE HUNTINGTON NATIONAL BANK,
as Registrar**

By _____
Its Authorized Officer

(Form of)

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within-mentioned Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books of the Registrar on behalf of the said Issuer with full power of substitution in
the premises.

Dated: _____, _____.

In the presence of:

Section 2.10. Sale of Bond. The Series 1998 A Bond shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, the adoption of the Supplemental Resolution; provided, that the Purchaser and the Issuer shall have agreed to the purchase price thereof.

Section 2.11. Disposition of Bond Proceeds. Upon the issuance and delivery of the Series 1998 A Bond on the Closing Date, the Issuer shall immediately apply the proceeds of the Series 1998 A Bond (i) to pay in full the entire outstanding principal of and interest accrued on the Prior Loan, and (ii) to pay the costs of issuance of the Series 1998 A Bond and related costs.

Section 2.12. Designation of Bond as "Qualified Tax-Exempt Obligation".
The Issuer hereby designates the Series 1998 A Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 1998 A Bond does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 1998 A Bond, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1998.

ARTICLE III

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 3.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or established by the 1998 B Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Series 1998 B Bond Reserve Account (established by the 1998 B Resolution); and
- (3) Depreciation Fund.

Section 3.02. Covenants of the Issuer as to System Revenues and Funds. So long as the Series 1998 A Bond shall be outstanding and unpaid, the Issuer further covenants with the Holder of the Series 1998 A Bond as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. **DISPOSITION OF REVENUES.** All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and simultaneously (i) remit to the Paying Agent designated in the Series 1998 A Bond, the amount required to pay the interest on and principal of the Series 1998 A Bond, and (ii) remit to the National Finance Office designated in the

Series 1998 B Bond, the amount required to pay the interest on the Series 1998 B Bond, and to amortize the principal of the Series 1998 B Bond over the life of the Series 1998 B Bond. All payments with respect to principal of and interest on the Series 1998 A Bond and the Series 1998 B Bond shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Series 1998 B Bonds Reserve Account, 0.4167% of the Minimum Reserve, until the amount in the Series 1998 B Bond Reserve Account equals the Minimum Reserve. Moneys in the Series 1998 B Bond Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1998 B Bond to the National Finance Office as the same shall become due or for prepayment of installments on the Series 1998 B Bond, or for mandatory prepayment of the Series 1998 B Bond, and for no other purpose.

(4) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, 0.4167% of the Minimum Reserve, until the amount in the Series 1998 B Bond Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 1998 B Bond is outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 1998 B Bond Reserve Account in accordance with Section 4.03B(3) above, or a withdrawal of funds from the Series 1998 B Bond Reserve Account is made, payment of Revenues into the Depreciation Fund as provided in this Section 4.03B(4) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 1998 B Bond Reserve Account until such deficiency is cured, at which time payments into the Depreciation Fund as provided in this Section 4.03B(4) shall resume. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Series 1998 A Bond and the Series 1998 B Bond as the same become due, and next to restore to the Series 1998 B Bond Reserve Account any sum or sums

transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund may be withdrawn by the Issuer and used for replacements, repairs, improvements or extensions to the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any, may be used to prepay installments of the Series 1998 A Bond and the Series 1998 B Bond, pro rata, or for any lawful purpose of the System.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Series 1998 A Bond shall be outstanding and unpaid, or until there shall have been set apart a sum sufficient to prepay the entire principal of the Series 1998 A Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and sufficient to make the payments required herein into the Series 1998 B Bond Reserve Account and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 1998 A Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds or Obligations. No Parity Bonds, payable out of the Revenues of the System, shall be issued after the issuance of the Series 1998 A Bond pursuant to this Bond Legislation, except under the conditions and in the manner herein provided. No Parity Bonds shall be issued without the prior written consent of the Purchaser; provided that the Purchaser shall not withhold its consent so long as the Issuer meets the conditions set forth in this Section 4.04.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 A Bond.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, improvements or betterments to the System or refunding the Bonds issued pursuant hereto or subsequent Parity Bonds, or any combination of such purposes.

No Parity Bonds shall be issued at any time, however, unless the Issuer procures a written statement from the Independent Certified Public Accountants that the Net Revenues

actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, shall not be less than 110% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holder of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond. The Issuer shall comply fully with all the increased payments into the various funds and accounts required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 1998 A Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(i) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(ii) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 1998 A Bond.

(iii) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(iv) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(vi) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 4.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 1998 A Bond, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the statutory mortgage lien in favor of the Holder of the Series 1998 B Bond, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 1998 A Bond and shall be for the equal benefit of the Series 1998 A Bond and the Series 1998 B Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 1998 A Bond at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 1998 A Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Series 1998 A Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 4.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 1998 A Bond is outstanding.

Section 4.13. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on August 4, 1998, Case No. 97-1417-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VI

TAX COVENANTS

Section 6.01. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1998 A Bond are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1998 A Bond during the term thereof is, under the terms of the Series 1998 A Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1998 A Bond during the term thereof is, under the terms of the Series 1998 A Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1998 A Bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the project, or if the Series 1998 A Bond is for the purpose of financing more than one project, a portion of the project, and shall not exceed the proceeds used for the governmental use of that portion of the project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 1998 A Bond or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1998 A Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1998 A Bond

and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 1998 A Bond will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions which would adversely affect such exclusion.

Section 6.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1998 A Bond which would cause the Series 1998 A Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1998 A Bond) so that the interest on the Series 1998 A Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1998 A Bond. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1998 A Bond as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 6.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 6.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if

necessary, in order to maintain the exclusion of interest on the Series 1998 A Bond from gross income for federal income tax purposes.

ARTICLE VII

PAYMENT OF BOND

Section 7.01. Payment of Bond. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Series 1998 A Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then this Bond Legislation and the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 1998 A Bond shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1998 A Bond from gross income for federal income tax purposes.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 1998 A Bond, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following the issuance of the Series 1998 A Bond, this Resolution may not be amended or modified without the prior written consent of the Registered Owner; provided, however, that this Resolution may be amended without the consent of the Registered Owner as may be necessary to assure the exclusion of interest on the Series 1998 A Bond from gross income of the holders thereof for federal income tax purposes.

Section 8.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1998 A Bond.

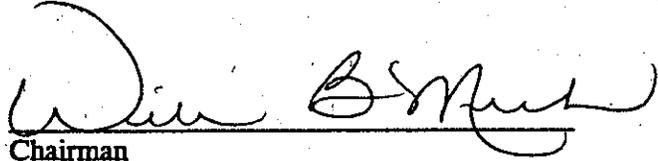
Section 8.03. Table of Contents and Headings. The table of contents and headings of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

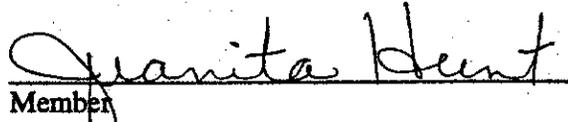
Section 8.04. Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 8.05. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 8.06. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 18th day of December, 1998.


Chairman


Member


Member

CERTIFICATION

Certified a true copy of a Bond Resolution duly adopted by the Public Service Board of Century-Volga Public Service District on the 18th day of December, 1998.

Dated this 18th day of December, 1998.

[SEAL]

Janita Hunt
Secretary

12/08/98
138930/97001

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

**Water Revenue Bond, Series 1998 B
(United States Department of Agriculture)**

BOND RESOLUTION

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CENTURY-VOLGA PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,150,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 1998 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Century-Volga Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Barbour County of said State, duly created pursuant to the Act by The County Commission of Barbour County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of approximately 116,000 linear feet of 10-inch, 8-inch, 6-inch and 4-inch waterlines, 2 booster stations, 2 water storage tanks and all necessary appurtenant facilities (the "Project"), to serve approximately 245 new customers in the southeast portion of Barbour County, particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Issuer will continue to purchase water from the City of Philippi, pursuant to the water purchase agreement between the Issuer and the City of Philippi. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and all funds and accounts and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$2,670,000, of which \$1,150,000 will be obtained from the proceeds of sale of the Bonds herein authorized, \$520,000 will be obtained from a grant from the Purchaser and \$1,000,000 will be obtained from a grant from the Appalachian Regional Commission.

E. It is necessary for the Issuer to issue its Water Revenue Bond, Series 1998 B (United States Department of Agriculture), in the principal amount of \$1,150,000 (the "Series 1998 B Bond"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 1998 B Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. There is outstanding an obligation of the Issuer which will rank on a parity with the Series 1998 B Bond as to liens, pledge and source of and security for payment, being the Water Refunding Revenue Bond, Series 1998 A, dated December 18, 1998, issued concurrently herewith in the original aggregate principal amount of \$173,800 (the "Series 1998 A Bond"). Other than the Series 1998 A Bond, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. It is in the best interest of the Issuer that the Series 1998 B Bond be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated February 12, 1997, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 1998 B Bond, or will have so complied prior to issuance of the Series 1998 B Bond, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and the necessary rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1998 B Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Series 1998 B Bond.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bonds" means, collectively, the Series 1998 A Bond, the Series 1998 B Bond and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Hornor Bros. Engineers, Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Barbour County Bank, Philippi, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Century-Volga Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Barbour County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated February 12, 1997, and all amendments thereto, if any.

"Net Revenues" means the balance of the Gross Revenues, as defined below, remaining after deduction only of Operating Expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and into the Series 1998 B Bond Reserve Account and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the

extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"1998 A Resolution" means the resolution adopted by the Issuer on December 18, 1998, authorizing the Series 1998 A Bond.

"Resolutions" means, collectively, this Bond Legislation and the 1998 A Resolution.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"Series 1998 A Bond" means the Water Refunding Revenue Bond, Series 1998 A, of the Issuer, described in Section 1.02G hereof.

"Series 1998 B Bond" means the Water Revenue Bond, Series 1998 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 1998 B Bond Reserve Account" means the Series 1998 B Bond Reserve Account created by Section 4.01 hereof.

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include the Project and any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$2,670,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1998 B Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Series 1998 B Bond of the Issuer, to be known as "Water Revenue Bond, Series 1998 B (United States Department of Agriculture)," is hereby authorized to be issued in the aggregate principal amount of \$1,150,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Series 1998 B Bond shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 1998 B Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

The Series 1998 B Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 1998 B Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 1998 B Bond, and the right to principal of and stated interest on the Series 1998 B Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 1998 B Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Series 1998 B Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Series 1998 B Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 1998 B Bond.

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 1998 B Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Series 1998 B Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 1998 B Bond as hereinbefore provided.

The Registrar shall accept the Series 1998 B Bond for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 1998 B Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 1998 B Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Series 1998 B Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1998 B Bond shall cease to be such officer of the Issuer before the Series 1998 B Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Series 1998 B Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 1998 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Series 1998 B Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Series 1998 B Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 1998 B Bond so surrendered shall be canceled and held for the account of the Issuer. If the Series 1998 B Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1998 B Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, all on a parity with the Series 1998 A Bond. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same becomes due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 1998 B Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1998 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,150,000

No. BR-1

Date: _____

FOR VALUE RECEIVED, CENTURY-VOLGA PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$1,150,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$5,279, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration here for shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted December 18, 1998, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE BORROWER'S WATER REFUNDING REVENUE BOND, SERIES 1998 A, DATED DECEMBER 18, 1998, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,150,000, AS DESCRIBED IN THE RESOLUTION.

IN WITNESS WHEREOF, CENTURY-VOLGA PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

CENTURY-VOLGA PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 207
(P. O. Box No. or Street Address)

Volga, West Virginia 26238
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or established by the 1998 A Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by the 1998 A Resolution);
- (2) Series 1998 B Bond Reserve Account;
- (3) Depreciation Fund (established by the 1998 A Resolution) and;
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 1998 B Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 1998 B Bond if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds.

So long as the Series 1998 B Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1998 Bond Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 1998 B Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of the Series 1998 B Bond as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. **DISPOSITION OF REVENUES.** All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and simultaneously (i) remit to the Paying Agent designated in the Series 1998 A Bond, the amount required to pay the interest on and principal of the Series 1998 A Bond, and (ii) remit to the National Finance Office designated in the Series 1998 B Bond, the amount required to pay the interest on the Series 1998 B Bond, and to amortize the principal of the Series 1998 B Bond over the life of the Series 1998 B Bond. All payments with respect to principal of and interest on the Series 1998 A Bond and the Series 1998 B Bond shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Series 1998 B Bonds Reserve Account, 0.4167% of the Minimum Reserve, until the amount in the Series 1998 B Bond Reserve

Account equals the Minimum Reserve. Moneys in the Series 1998 B Bond Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1998 B Bond to the National Finance Office as the same shall become due or for prepayment of installments on the Series 1998 B Bond, or for mandatory prepayment of the Series 1998 B Bond, and for no other purpose.

(4) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, 0.4167% of the Minimum Reserve, until the amount in the Series 1998 B Bond Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 1998 B Bond is outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 1998 B Bond Reserve Account in accordance with Section 4.03B(3) above, or a withdrawal of funds from the Series 1998 B Bond Reserve Account is made, payment of Revenues into the Depreciation Fund as provided in this Section 4.03B(4) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 1998 B Bond Reserve Account until such deficiency is cured, at which time payments into the Depreciation Fund as provided in this Section 4.03B(4) shall resume. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Series 1998 A Bond and the Series 1998 B Bond as the same become due, and next to restore to the Series 1998 B Bond Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund may be withdrawn by the Issuer and used for replacements, repairs, improvements or extensions to the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any, may be used to prepay installments of the Series 1998 A Bond and the Series 1998 B Bond, pro rata, or for any lawful purpose of the System.

Whenever the moneys in the Series 1998 B Bond Reserve Account shall be sufficient to prepay the Series 1998 B Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 1998 B Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Series 1998 B Bond Reserve Account and the Depreciation

Fund and all amounts required for the Series 1998 B Bond Reserve Account and the Depreciation Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 1998 B Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 1998 B Bond Reserve Account and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Series 1998 B Bond Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. **USER CONTRACTS.** The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 194 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. **CHARGES AND FEES.** The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. **INVESTMENT OF EXCESS BALANCES.** The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

G. **REMITTANCES.** All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

H. **GROSS REVENUES.** The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 1998 B Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1998 B Bond Reserve Account a sum sufficient to prepay the entire principal of the Series 1998 B Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and sufficient to make the payments required herein into the Series 1998 B Bond Reserve Account and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 1998 B Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 1998 B Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance. to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance

accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 1998 B Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on August 4, 1998, Case No. 97-1417-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 1998 B Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1998 B Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 1998 B Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of the Bond. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 1998 B Bond, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 1998 B Bond.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

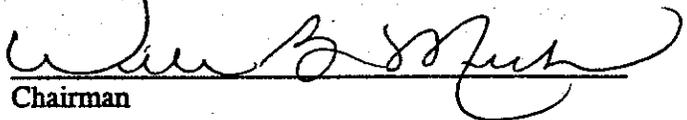
Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

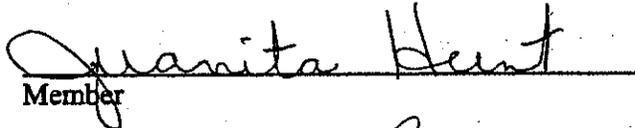
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have

been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 18th day of December, 1998.


Chairman


Member

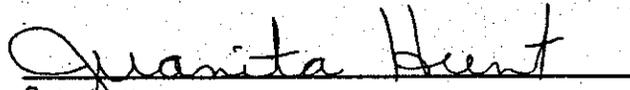

Member

CERTIFICATION

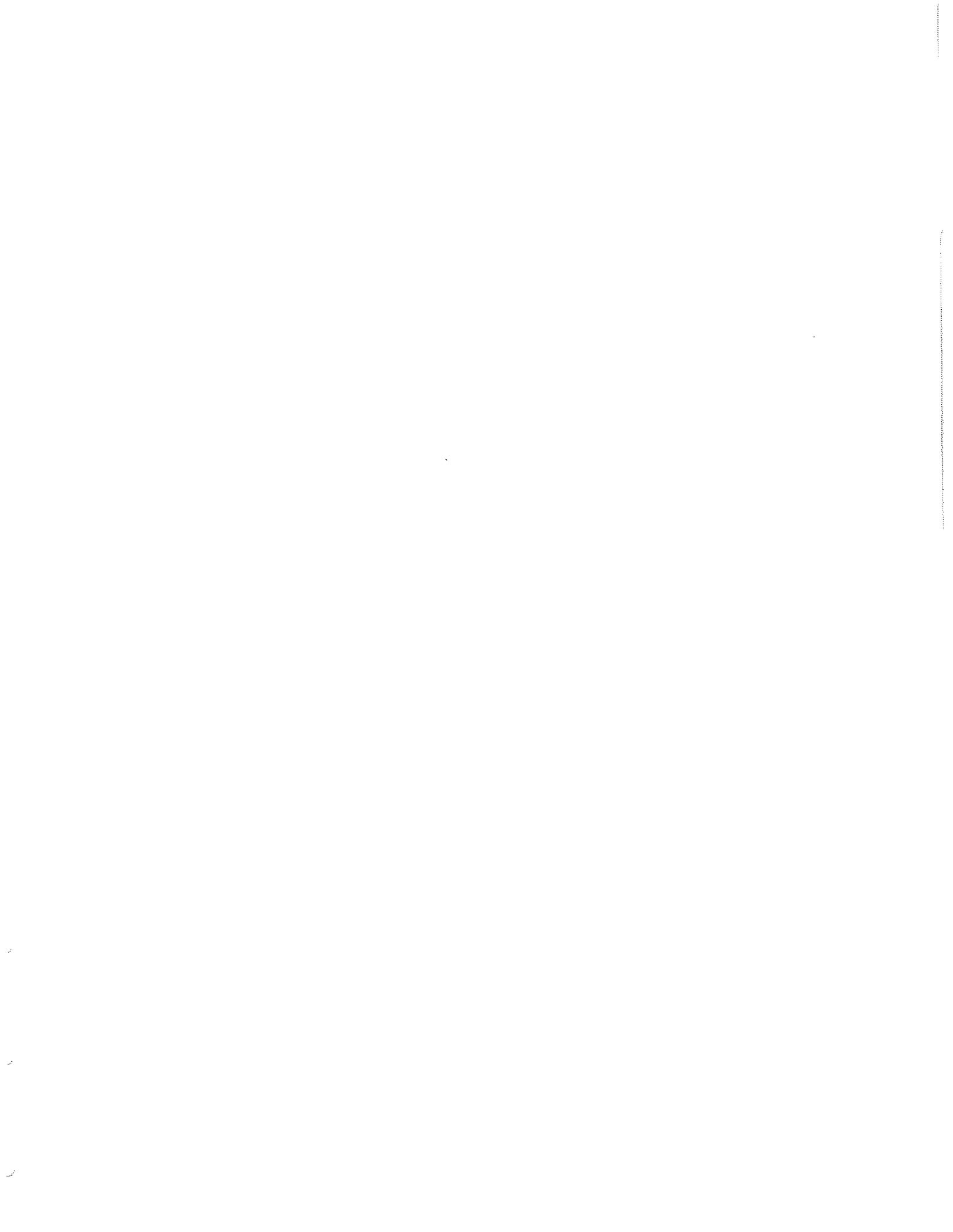
Certified a true copy of a Resolution duly adopted by the Public Service Board
of CENTURY-VOLGA PUBLIC SERVICE DISTRICT on the 18th day of December, 1998.

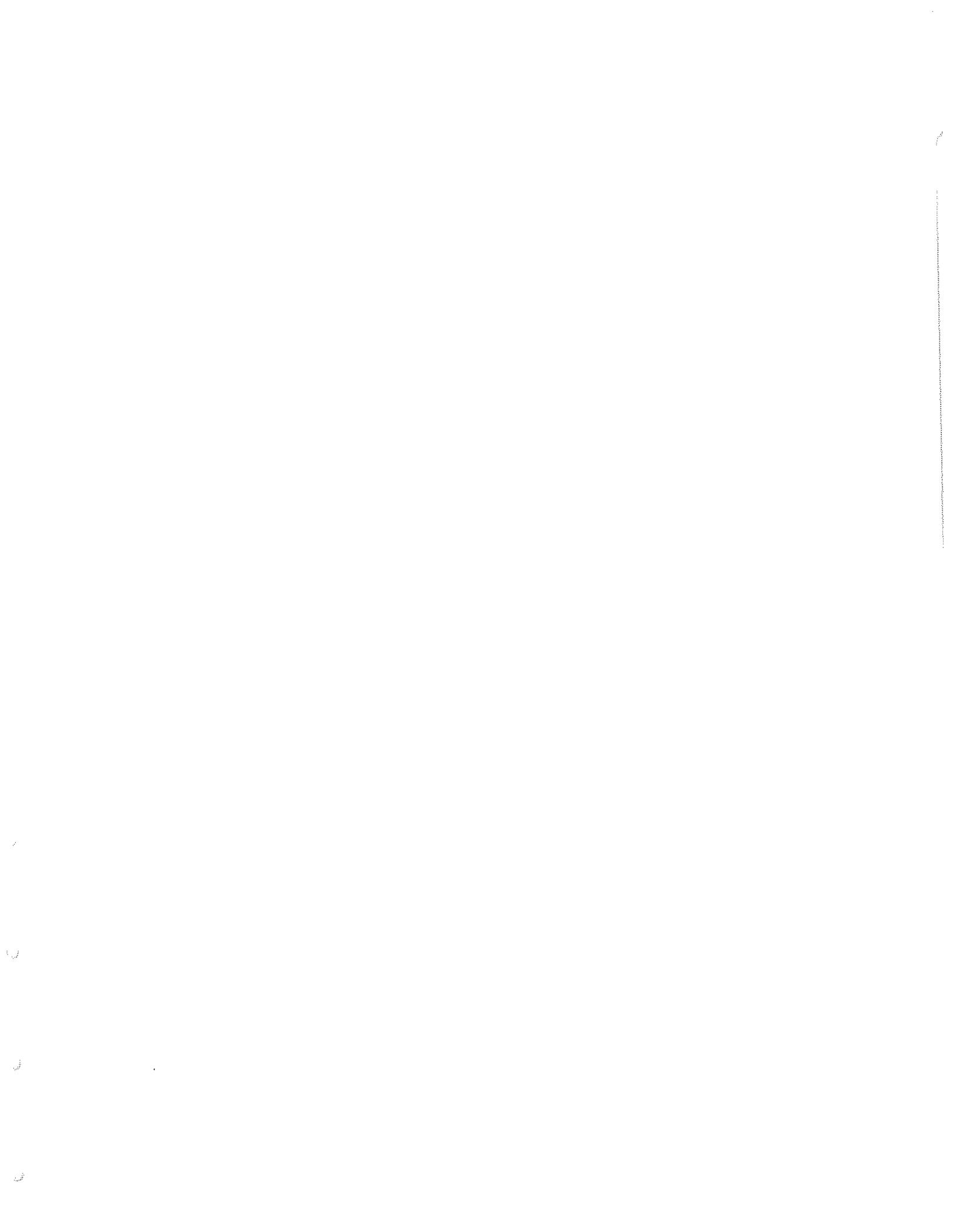
Dated this 18th day of December, 1998.

[SEAL]


Secretary

12/10/98
138930/97001







**Huntington
Banks**

The Huntington National Bank
Elkins Office
Davis Avenue at 5th Street
P.O. Box 1279
Elkins, West Virginia 26241

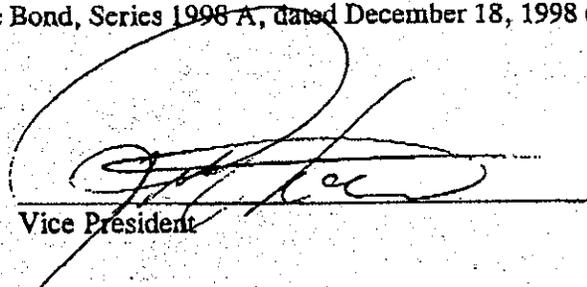
304.636.3400

June 13, 2003

Century-Volga Public Service District
Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned authorized representative of The Huntington National Bank, Elkins, West Virginia, the registered owner of the Issuer's outstanding Series 1998 A Bond as hereinafter defined, hereby consents to the issuance of the Water Revenue Bond, Series 2003 A (United States Department of Agriculture) (the "Series 2003 A Bond"), by Century-Volga Public Service District (the "Issuer"), in the original aggregate principal amount of \$377,000, under the terms of the resolution authorizing the Series 2003 A Bond, on a parity as to liens, pledge and source of and security for payment, and in all respects, with the Issuer's Water Refunding Revenue Bond, Series 1998 A, dated December 18, 1998 (the "Series 1998 A Bond").



Vice President

06/03/03
138930.00001

CH577499.1

3A



United States Department of Agriculture

Rural Development

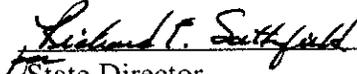
75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4860
FAX (304) 284-4893
TDD (304) 284-5941
(For the Deaf or Hard of Hearing)

June 13, 2003

Century-Volga Public Service District
Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bond, Series 2003 A (United States Department of Agriculture) (the "Series 2003 A Bonds"), in the original aggregate principal amount of \$377,000, by Century-Volga Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2003 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bond, Series 1998 B, dated December 18, 1998, issued in the original aggregate principal amount of \$1,150,000 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2003 A Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.



State Director

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 22nd day of May, 2003.

CASE NO. 02-1845-PWD-CN

CENTURY-VOLGA PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to construct approximately 76,000 linear Feet of 6", 4", and 2" waterlines and two pressure reducing stations to serve approximately 138 potential customers.

COMMISSION ORDER
WAIVING EXCEPTION PERIOD

On May 20, 2003, Administrative Law Judge Thomas N. Trent entered a Recommended Decision which, among other things, approved the November 21, 2002 application and granted a certificate of convenience and necessity to construct and operate the public water project as detailed in said application.

On May 22, 2003, Norman T. Farley, Counsel for Century-Volga Public Service District, filed a motion requesting waiver of the right to file exceptions to the May 20, 2003 Recommended Decision. Commission Staff has indicated it has no objection to granting said motion.

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

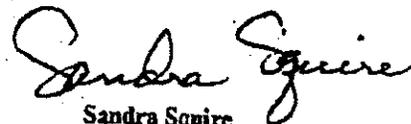
The Commission is of the opinion and belief that said request of waiver received by the Commission on May 22, 2003, should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter becomes final (5) days after the date of this order absent further action by the Commission.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

SS/esk
021845sawpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 20, 2003

CASE NO. 02-1845-PWD-CN

CENTURY-VOLGA PUBLIC SERVICE DISTRICT,
P.O. Box 207, Volga, WV 26238-0207

Application for a certificate of convenience and necessity to construct approximately 76,000 linear feet of 6", 4", and 2" waterlines and two pressure reducing stations to serve approximately 138 potential customers.

RECOMMENDED DECISION

On November 21, 2002, the Century-Volga Public Service District (District), a public utility, filed a duly verified application for a certificate of convenience and necessity to construct and operate certain additions and improvements to its water system located in Barbour County, West Virginia. This proposed project will consist of the installation of approximately 76,000 linear feet of 6-inch, 4-inch and 2-inch water lines, additional storage and two pressure reducing stations to serve approximately 138 potential customers. The District also requested increased rates and charges to support this project.

The District estimated that construction of this project will cost approximately \$1,901,000.00. The project will be financed as follows: a United States Department of Agriculture (USDA) Rural Utilities Service Loan in the amount of \$377,000.00, at an interest rate of 4.5% for a term of 40 years; USDA Rural Utilities Service Grants in the amount of \$985,000.00; and an Appalachian Regional Commission (ARC) Grant in the amount of \$539,000.00.

This application was properly filed with the Public Service Commission for prefiling notice on September 16, 2002. On September 27, 2002, the District filed a duly executed affidavit of publication demonstrating publication of the Notice of Pre-Filing, Form No. 13, on September 4 and 11, 2002, in the Barbour Democrat, a newspaper duly qualified by the Secretary of State, published and of general circulation in Barbour County, West Virginia.

By a formal Notice of Filing entered November 21, 2002, the Century-Volga Public Service District was required to give public legal notice of this application by publishing a copy of said Notice once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Barbour County, West Virginia, and to make due return to

the Commission of proper certification of publication immediately thereafter. Said Notice contained the increased rates and charges requested by the District and made provision for the filing of protests or interventions within thirty (30) days of publication.

On December 11, 2002, the Applicant filed a copy of Permit No. 15,476, issued by the State Office of Environmental Health Services approving the plans, specifications, forms and other essential information for this water extension project.

On December 27, 2002, Commission Staff filed its Initial Joint Staff Memorandum in this matter and requested additional specific information from the District.

Pursuant to publication of the Notice of Filing, a single letter of protest to this project was filed on January 6, 2003. The Protestant was against higher rates to fund expansion.

By a Commission Referral Order entered January 13, 2003, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of June 19, 2003.

On January 15, 2003, the District filed additional information and documents as previously requested by Staff.

On January 21, 2003, the District filed a certification of capacity and availability of water supply from the City of Philippi, the District's finished water supplier. The District also filed a duly executed affidavit of publication demonstrating publication of the formal Notice of Filing on December 4, 2002, in the Barbour Democrat, all in compliance with the Notice of Filing entered November 21, 2002. Lastly, the District stated that it had provided individual notice to its customers of the requested increased rates.

By a Procedural Order entered February 26, 2003, this matter was scheduled for hearing to be held on April 4, 2003, in Philippi, West Virginia.

On February 28, 2003, Commission Staff filed its Final Joint Staff Memorandum in this certificate case. Staff confirmed that commitment letters had been filed for all intended funding sources and proposed a uniform 2.1% increase in rates to cover increased operating expenses and debt service. The Staff-designed tariff also included an incremental leak adjustment and additional language concerning the adjusted minimum bill charges. The project is necessary due to recurring drought in the proposed new service area and various contaminants found in the private wells currently providing individual water service. The project has a high degree of grant funding and is, therefore, convenient.

On March 11, 2003, the District filed a letter requesting an amendment of the minimum charge amounts set out in the Staff-recommended tariff, which appeared to be inaccurately calculated.

On March 13, 2003, the District filed proof of compliance with the direct customer notice provision of the Commission's Procedural Rule 10.3.d, as required by the Procedural Order entered February 26, 2003.

On March 17, 2003, the District's project engineer filed the remaining public permits and approvals required for this project, as well as additional information or explanations requested by Staff. Also, on March 17, 2003, Commission Staff filed a revised tariff sheet intended to clarify the District's minimum bill charge. This revised tariff sheet replaced the similar page filed by Staff on February 28, 2003.

The hearing convened as scheduled on April 4, 2003, with all parties in attendance. Century-Volga Public Service District was present and represented by its attorney, Norman Farley. Commission Staff was present and represented by Staff Attorney Ron Robertson. On April 16, 2003, an accurate transcript of these proceedings, consisting of thirty-seven (37) pages of testimony was filed with the Executive Secretary's Office.

EVIDENCE

At hearing, the Protestant, Robert A. Jones, stated that he was not against this project. However, he has general concerns about the hardship upon senior citizens caused by any increase in water rates. He is 62 years old and his mother is 82. Since 1992, his water bill has nearly doubled and he sees no ceiling to the amount of increases. He is concerned about what will happen to senior citizens who cannot pay for the increase. He believes that the District's recent projects have been undertaken without adequate funding and the District is now trying to "bail out" those projects by increasing existing customers' bills. He thinks this is wrong, although he sympathizes with people who do not have a public water source available to them. He believes that all senior citizens and people living on fixed incomes should have their rates frozen, and not be subject to further rate increases. He also believes that publication of notice for such increases is inadequate. Old people cannot read the blurred print in the newspaper, nor do they pay any attention to the printed notice on their water bills. (Tr., pp. 4-9).

The District then called its Project Engineer, Paul A. Horner, III, as its witness in this matter. Mr. Horner is a licensed professional engineer and has been involved with the District since 1985. He gave a brief overview of the historical development of the District's water system and this particular project. The project is about 80% grant funded, which is highly favorable to existing customers as well as new customers. All permits are in place and bids have been advertised. It is hoped that the bulk of the project can be constructed this year. (Tr., pp. 10-14).

On cross-examination by the Staff Attorney, Mr. Horner stated that the bid specifications called for an eight-month construction period. Bids will be opened on April 17, 2003, and will be good for 90 days. He believes favorable bids will be received. (Tr., pp. 14-16).

The District then called its General Manager, Linda Procell, as its next witness. Ms. Procell stated that the District has reviewed the

Final Joint Staff Memorandum previously filed in this matter (Staff Ex. No. 1) and accepts the Staff recommendations and rates. (Tr., pp. 16-18).

Commission Staff then called Staff Engineer Jefferson E. Brady as its first witness in this matter. Mr. Brady performed the Staff engineering review of this project and briefly described that process. Undependable private wells with high levels of coliform bacteria are the current water source in the project area, and need to be replaced with dependable, quality water. The District receives its finished water from the City of Philippi, which has excess capacity available to supply this project. All required permits and public approvals have been received and filed. The Staff Engineer recommended that this certificate be approved. (Tr., pp. 19-21).

Staff then called Staff Utilities Analyst Randy Lengyel as its next witness. Mr. Lengyel performed the financial review of this certificate application. This project is adequately funded and all commitment letters have been received. The grant funding for this project is very favorable. The Staff-recommended rate increase is only 2.1%, which is minimal, but adequate. On a bill for average usage of 4,500 gallons per month, the increase would amount to only sixty-six cents (\$0.66). Staff's rates should become effective once the project is substantially completed. The Staff-recommended rates are adequate to fund debt service, required reserves and increased operating and maintenance expense, and will result in an annual cash flow surplus of \$6,163.00. Mr. Lengyel also explained that the District's rates included a previously authorized Rule 30B purchased water increase of fifty-two cents (\$0.52) per 1,000 gallons. The Staff Utilities Analyst recommended that this project be approved and that the District be authorized to charge the Staff-recommended rates and charges. (Tr., pp. 22-30).

On cross-examination by the District's attorney, Mr. Lengyel confirmed that Staff also recommended approval of the project funding. He reiterated his belief that the grant funding was highly favorable. Minimum usage bills will increase by only forty-five cents (\$0.45) per month. He also confirmed that the elderly are usually minimum bill or low usage customers. He also explained that the Rule 30B increase was already included in the rate blocks, but not in the minimum bill charges, which is why the minimums appear inaccurate. (Tr., pp. 30-33).

In closing, the Protestant, Mr. Jones, stated that the Towns of Junior, Belington and Philippi all take water from the Tygart River and, therefore, a supply problem may exist under drought conditions. (Tr., pp. 33-35).

Staff responded to the Protestant's concern by pointing out that the City of Philippi had certified its capacity to provide water for this project. (Tr., p. 36).

This concluded the testimony at hearing.

On April 23, 2003, the Project Engineer filed a letter stating that an acceptable bid had been received on this project. The District would

like to award the contract by June 1, 2003, if possible, to allow for full use of the summer construction season.

DISCUSSION

Commission Staff has reviewed and recommended approval of this water construction project. The project is over 80% grant funded and the increase in rates is extremely reasonable. Additionally, the project is greatly needed due to inadequate and unsafe private wells. Over 80% of the prospective new customers have signed user's agreements in anticipation of the project. The District is also in receipt of favorable construction bids.

Although the single Protestant, Mr. Jones, is sincere and well intentioned, the rate increases of which he complains were granted in the past and cannot be the subject of review in the context of this current case. The actual rate impact of this project will be minimal and should not pose any economic threat to any senior citizen.

For these reasons, the application filed by the Century-Volga Public Service District on November 21, 2002, will be approved and a certificate of convenience and necessity to construct and operate the water extension project described therein will be issued.

FINDINGS OF FACT

1. On November 21, 2002, the Century-Volga Public Service District, a public utility, filed a duly verified application for a certificate of convenience and necessity to construct and operate certain additions and improvements to its water system located in Barbour County, West Virginia. (See, Application filed November 21, 2002).

2. This application was properly filed with the Public Service Commission for prefiling notice on September 16, 2002. On September 27, 2002, the District filed a duly executed affidavit of publication demonstrating publication of the Notice of Pre-Filing, Form No. 13, on September 4 and 11, 2002, in the Barbour Democrat, a newspaper duly qualified by the Secretary of State, published and of general circulation in Barbour County, West Virginia. (See, Notice of Pre-Filing filed September 16, 2002; Affidavit of Publication filed September 27, 2002).

3. Pursuant to a formal Notice of Filing entered November 21, 2002, the District provided public legal notice of this application by the publication of the Notice of Filing on December 4, 2002, in the Barbour Democrat, a newspaper duly qualified by the Secretary of State, published and of general circulation in Barbour County, West Virginia. (See, Affidavit of Publication filed January 21, 2003).

4. The State Office of Environmental Health Services has issued Permit No. 15,476 to the District approving the plans, specifications, forms and other essential information for this water extension project. (See, Permit filed December 11, 2002).

5. The Staff of the Public Service Commission has reviewed and confirmed that all permits and public approvals have been obtained and filed for this project. (See, Staff Ex. No. 1; letter filed March 17, 2003; Tr., p. 21).

6. This project will provide reliable, safe drinking water to residents currently served by inadequate and unsafe private wells. (See, Staff Ex. No. 1; Tr., p. 20).

7. The District estimates that construction of this project will cost approximately \$1,901,000.00. The project will be financed as follows: USDA Rural Utilities Service Loan in the amount of \$377,000.00, at an interest rate of 4.5% for a term of 40 years; USDA Rural Utilities Service Grants in the amount of \$985,000.00; and an Appalachian Regional Commission Grant in the amount of \$539,000.00. Commitment letters from all funding sources have been received and reviewed by Commission Staff. (See, Staff Ex. No. 1; Tr., p. 24).

8. Commission Staff has recommended approval of the funding package proposed for this project. (See, Staff Ex. No. 1; Tr., p. 30).

9. Commission Staff has recommended increased rates and charges in support of this project and the District has agreed to same. (See, Staff Ex. No. 1; Tr., pp. 17-18).

10. Commission Staff has recommended that this certificate application be approved. (See, Staff Ex. No. 1).

11. The single Protestant to this application is not opposed to this project, but is concerned about the effect of rate increases on senior citizens and whether sufficient capacity exists to provide water for this project. (Tr., pp. 4-9, 33-34).

12. The City of Philippi provides finished water for resale to the Century-Volga Public Service District and has certified that it has the excess capacity to serve this project when completed. (See, letter filed January 21, 2003; Tr., p. 36).

CONCLUSIONS OF LAW

1. This project is necessary in that it will provide a modern, sanitary and reliable source of safe drinking water to approximately 138 families in the project territory.

2. This project is convenient in that it does not financially burden existing or new customers and is the only currently viable option to extend reliable public water to an area in need of such service.

3. This project is supported by a highly favorable financial package of grants and loans and reasonable and adequate increased rates and charges, as recommended by Commission Staff and approved herein.

4. Under the facts and circumstances of this case and the recommendation of Commission Staff, it is reasonable to approve the

application filed herein on November 21, 2002, and to grant a certificate of convenience and necessity to the Century-Volga Public Service District to construct and operate the public water extension detailed in said application.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on November 21, 2002, shall be approved, and that a certificate of convenience and necessity to construct and operate the public water project detailed in said application shall be granted to the Century-Volga Public Service District.

IT IS FURTHER ORDERED that Century-Volga Public Service District shall be authorized to charge and collect the increased rates and charges set out in the Staff-recommended tariff, attached hereto as Appendix A, for all service rendered on and after the date this project is certified as substantially complete by the District's project engineer.

IT IS FURTHER ORDERED that the proposed project funding package, consisting of a loan from the USDA Rural Utilities Service in the amount of \$377,000, for a term of 40 years, at an interest rate of 4.5%; USDA Rural Utilities Service Grants in the amounts of \$789,000 and \$196,000; and a grant from the Appalachian Regional Commission in the amount of \$539,000, shall be approved for acceptance, execution and use by the Century-Volga Public Service District.

IT IS FURTHER ORDERED that, if there are any changes to the plans, scope or terms of financing of this project, the District shall request a reopening of this case and submit such changes for subsequent review and approval by the Public Service Commission. Final bid summaries and the project engineer's certification of substantial completion shall be provided to Commission Staff as soon as they may be available.

IT IS FURTHER ORDERED that this proceeding shall be removed from the Commission's docket of open cases.

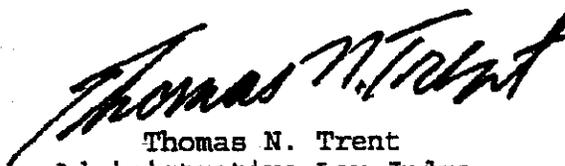
The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in

writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Thomas N. Trent
Administrative Law Judge

TNT:dfs
021845aa.wpd

CENTURY-VOLGA PUBLIC SERVICE DISTRICT
CASE NO. 02-1845-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale service.

RATES

First	3,000 gallons used per month	\$7.43 per 1,000 gallons
Next	3,000 gallons used per month	\$7.04 per 1,000 gallons
Next	4,000 gallons used per month	\$6.66 per 1,000 gallons
Next	10,000 gallons used per month	\$6.27 per 1,000 gallons
Over	20,000 gallons used per month	\$5.90 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$20.73 per month, on usages from zero (0) to 3,000 gallons of water.

			<u>Equivalent Gallons</u>
5/8	inch meter	\$ 20.73 per month	0 to 3,000
3/4	inch meter	\$ 31.10 per month	4,251
1	inch meter	\$ 51.83 per month	7,264
1-1/2	inch meter	\$ 103.65 per month	15,359
2	inch meter	\$ 165.84 per month	25,608
3	inch meter	\$ 310.95 per month	50,203
4	inch meter	\$ 518.25 per month	85,339
6	inch meter	\$1,036.50 per month	173,178

The above minimum charges are subject to an additional \$0.52 per 1,000 gallons of water used per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of \$300.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION --- \$20.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the utility up to a maximum of \$15.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

INCREMENTAL LEAK ADJUSTMENT

\$2.01 per 1,000 gallons of water is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 2003 A

RECEIPT FOR BOND

The undersigned duly authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America, hereby certifies as follows:

1. On the 13th day of June, 2003, at Volga, West Virginia, the undersigned received for the United States of America the single, fully registered Century-Volga Public Service District Water Revenue Bond, Series 2003 A (the "Bond"), in the principal amount of \$124,100, dated the date hereof, bearing interest at the rate of 4.50% per annum, payable in monthly installments as stated in the Bond. The Bond represents the entire above-captioned Bond issue.
2. At the time of such receipt, the Bond had been executed and sealed by the designated officials of the Public Service Board of said Public Service District.
3. At the time of such receipt, there was paid to said Public Service District the sum of \$377,000, being the entire principal amount of the Bond. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 13th day of June, 2003.


Authorized Representative

06/03/03
138930.00001

SPECIMEN

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2003 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$377,000

No. AR-1

Date: June 13, 2003

FOR VALUE RECEIVED, CENTURY-VOLGA PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED SEVENTY-SEVEN THOUSAND DOLLARS (\$377,000), plus interest on the unpaid principal balance at the rate of 4.50% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$1,731, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted June 11, 2003, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

1) WATER REFUNDING REVENUE BOND, SERIES 1998 A, DATED DECEMBER 18, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$173,800; AND

2) WATER REVENUE BOND, SERIES 1998 B, DATED DECEMBER 18, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,150,000.

IN WITNESS WHEREOF, CENTURY-VOLGA PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

CENTURY-VOLGA PUBLIC SERVICE DISTRICT



Donald [Signature]
Chairman, Public Service Board
Drawer C
Century-Volga, West Virginia 25831

ATTEST:

[Signature]
Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$124,100	June 13, 2003	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
TOTAL		\$	_____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond on the books kept
for registration of the within Bond of the said Issuer with full power of substitution in the
premises.

Dated: _____, _____.

In the presence of:

06/03/03
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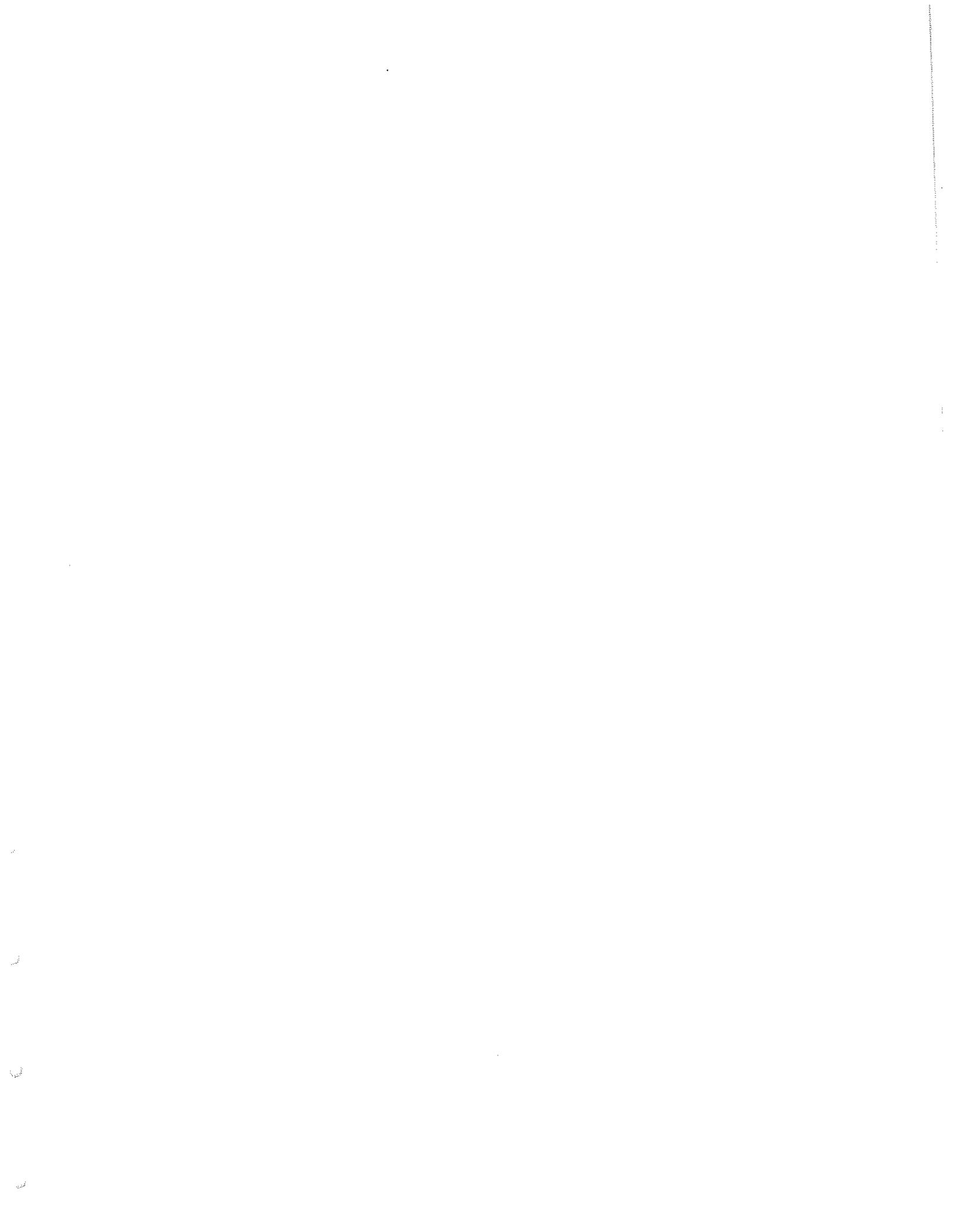
UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTURY-VOLGA PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2003 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

REGISTRATION BOOK

(No writing on this Book except by the Issuer as Registrar)

<u>Bond No.</u>	<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>
AR-1	June 13, 2003	United States of America	

06/03/03
138930.00001



June 13, 2003

Century-Volga Public Service District
Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

Century-Volga Public Service District
Volga, West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Century-Volga Public Service District, in Barbour County, West Virginia (the "Issuer"), of its \$377,000 Water Revenue Bond, Series 2003 A (United States Department of Agriculture), dated the date hereof (the "Bond"), pursuant to Chapter 16, Article 13A, of the West Virginia Code of 1931, as amended (the "Act"), and a resolution (the "Resolution") of the Issuer adopted June 11, 2003. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bond.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bond, on a parity with the Issuer's Water Refunding Revenue Bond, Series 1998 A, dated December 18, 1998, issued in the original aggregate principal amount of \$173,800 and Water Revenue Bond, Series 1998 B, dated December 18, 1998, issued in the original aggregate principal amount of \$1,150,000 (collectively, the Prior Bonds).

4. The Bond has been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefor in the Resolution.

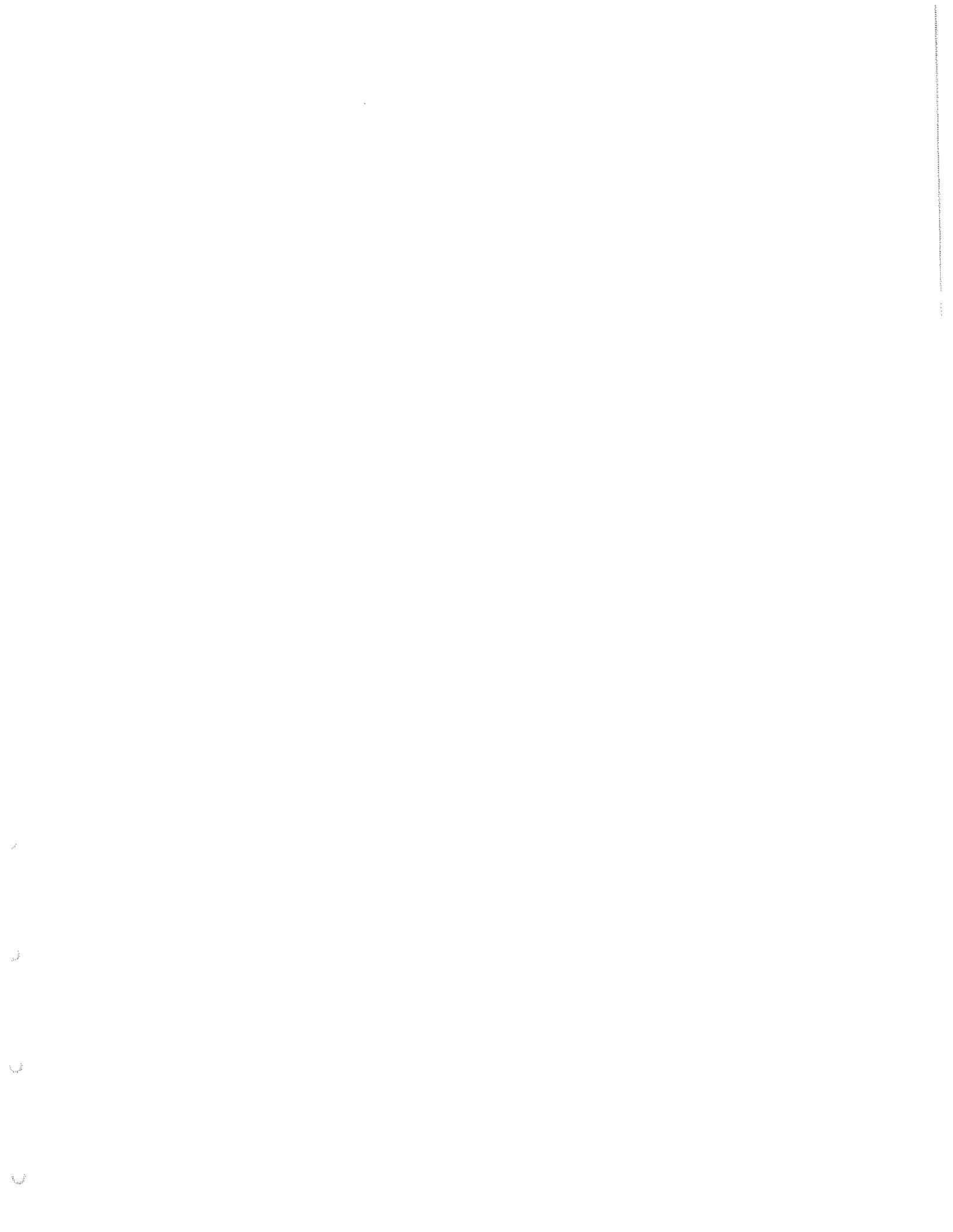
5. The Bond has not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Bond is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bond.

6. The Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Bond is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bond and the enforceability of the Bond, the Resolution and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,


STEPTOE & JOHNSON PLLC



LAW OFFICES
WEST & JONES

360 WASHINGTON AVENUE

P.O. Box 2348

CLARKSBURG, WEST VIRGINIA 26302-2348

June 13, 2003

JAMES C. WEST, JR.
JERALD E. JONES
DEAN C. RAMSEY
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Century-Volga Public Service District
P. O. Box 207
Volga, WV 26238

Steptoe & Johnson PLLC
Attorneys at Law
P. O. Box 2190
Clarksburg, WV 26302-2190

Re: Century-Volga Public Service District
Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

Ladies and Gentlemen:

We are counsel to Century-Volga Public Service District, a public service district, in Barbour County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer adopted June 11, 2003, (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bond of the Issuer (the "Bond") and documents and orders of The County Commission of Barbour County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Terms used in the Resolution and not otherwise defined herein shall have the same meanings as in the Resolution when used herein.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. To the best of our knowledge, the execution and delivery of the Bond and the consummation of the transactions contemplated by the Bond and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All applicable and necessary permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations required by law for the due creation and valid existence of the Issuer, the issuance of the Bond, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Barbour County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bond and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

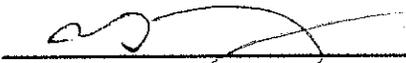
6. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond and the Resolution, the acquisition and construction of the Project, the operation of the System or the validity of the Bond or the collection or pledge of the Net Revenues therefor.

Century-Volga Public Service District, et al.
June 13, 2003
Page three

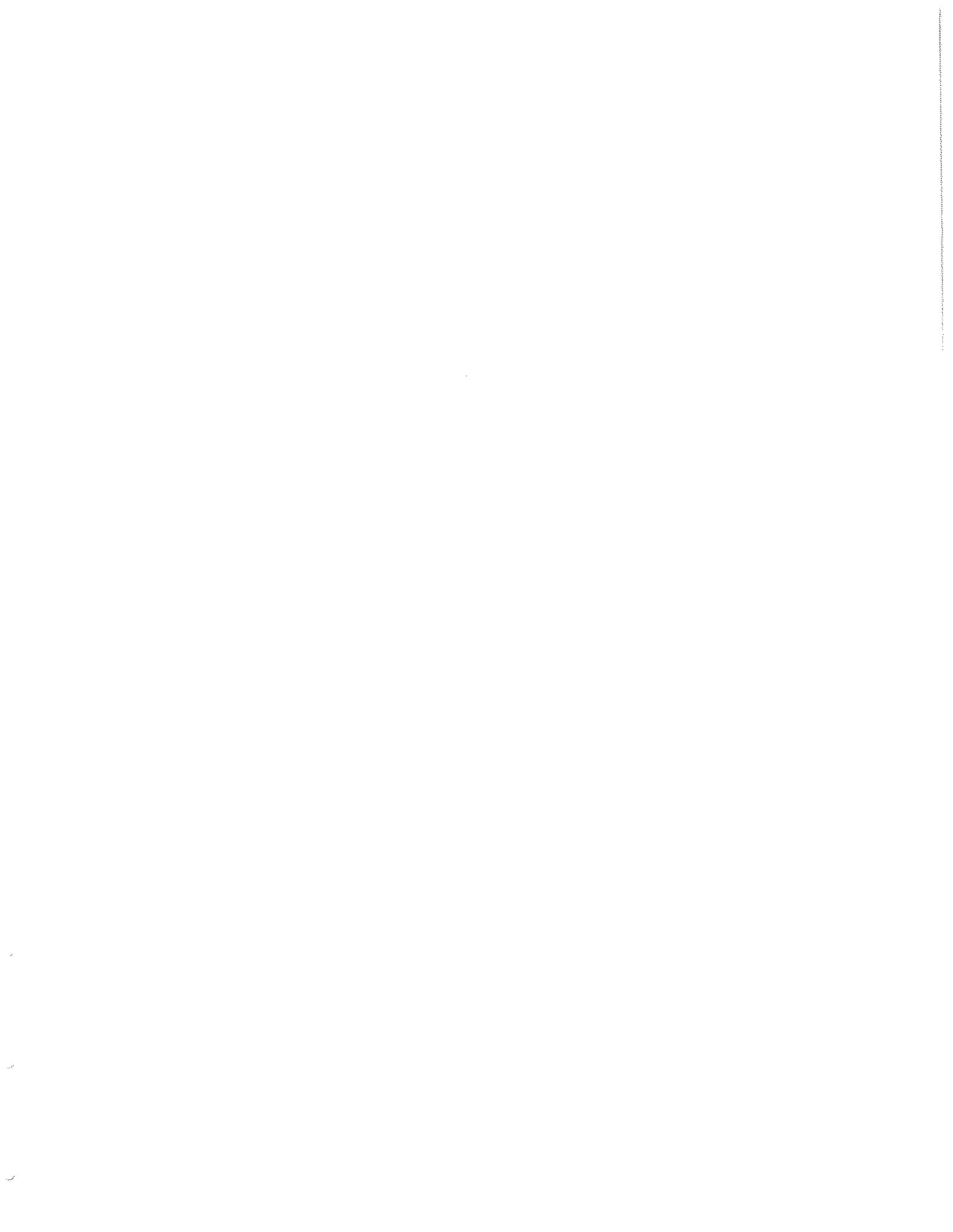
All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

WEST & JONES

By: 
Norman C. Farley

NTF:leh



CENTURY-VOLGA PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BOND
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. OTHER SOURCES OF FUNDS
15. PUBLIC SERVICE COMMISSION ORDER
16. GRANTS
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of CENTURY-VOLGA PUBLIC SERVICE DISTRICT, in Barbour County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the CENTURY-VOLGA PUBLIC SERVICE District Water Revenue Bond, Series 2003 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$377,000, and bearing interest at the rate of 4.5% per annum (the "Bond"), as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bond has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser,

and all amendments, if any, and as appears in Section 7.03 of the Resolution of the Issuer adopted June 11, 2003, authorizing issuance of the Bond (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings as set forth in the Ordinance when used herein. The Bond is being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bond or receipt of any grant moneys committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bond; nor in any way questioning or affecting the validity of the grants committed for the System or the Bond, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or said Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Bond; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

There is outstanding an obligation of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the Water Refunding Revenue Bond, Series 1998 A, dated December 18, 1998, issued in the original aggregate principal amount of \$173,800 and the Water Revenue Bond, Series 1998 B, dated December 18, 1998, issued in the original aggregate principal amount of \$1,150,000 (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Bond on the date hereof, officially execute and seal the Bond with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bond for the Issuer.

6. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

1998 A Bond Resolution

1998 B Bond Resolution

Consent to Issuance of Parity Bond of Huntington National Bank

Consent to Issuance of Parity Bond of RUS

Public Service Commission Order

County Commission Orders Regarding Creation and Enlargement of District

County Commission Orders Appointing Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

Rural Utilities Service Letter of Conditions

Rural Utilities Service Loan Resolution

Rural Utilities Service Grant Agreement

Evidence of Appalachian Regional Commission Grant

Water Purchase Agreement with the City of Philippi

7. **INCUMBENCY AND OFFICIAL NAME, ETC.:** The proper corporate title of the Issuer is "Century-Volga Public Service District" and its principal office and place of business are in Barbour County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Donald Cleavenger	02/13/01	12/31/06
Vernon O. Woods	05/05/03	12/31/08
Paul W. Calhoun	03/01/99	12/01/05

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2003 are as follows:

Chairman	-	Donald Cleavenger
Secretary	-	Vernon O. Woods
Treasurer	-	Paul W. Calhoun

The duly appointed and acting Attorney for the Issuer is West & Jones, of Clarksburg, West Virginia.

8. **DELIVERY AND PAYMENT AND USE OF PROCEEDS:** On the date hereof, the Bond was delivered to the Purchaser at Volga, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Bond had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Bond, the amount of \$124,100 was received by the undersigned Chairman, being a portion of the principal amount of the Bond. Further advances of the balance of the principal amount of the Bond will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bond is dated the date hereof, and interest on advances thereon at the rate of 4.5% per annum is payable from each such advance.

The Bond and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bond.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. CONTRACTORS' INSURANCE; ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer has received signed user agreements from at least 110 bona fide users to be served by the Project, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on May 27, 2003, in Case No. 02-1845-PWD-CN, which, among other things, grants the Issuer

a certificate of public convenience and necessity for the Project and approves the financing for the Project and approves the rates. The time for appeal of such Final Orders has expired prior to the date hereof.

14. GRANTS: As of the date hereof, the grants from the Rural Utilities Service in the amounts of \$789,000 and \$196,000 and the Appalachian Regional Commission in the amount of \$539,000 are committed and in full force and effect.

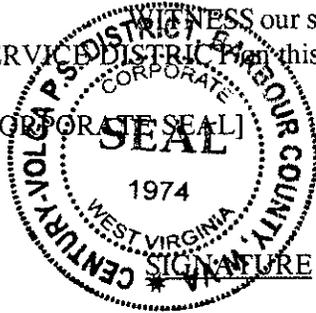
16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

18. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of CENTURY-VOLGA PUBLIC SERVICE DISTRICT No. 1 on this 13th day of June, 2003.

[CORPORATE SEAL]



OFFICIAL TITLE

Donald Cleaver

Chairman

Termy O. Hood

Secretary

[Signature]

Attorney for Issuer

06/03/03
138930.00001

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

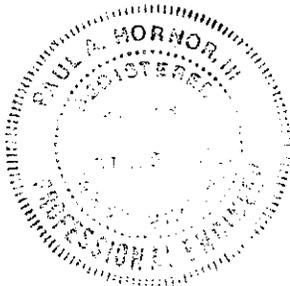
ENGINEER'S CERTIFICATE

I, Paul A. Hornor, III, Registered Professional Engineer, West Virginia License No. 10281, of Hornor Brothers Engineers, Clarksburg, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain public service properties consisting of improvements and extensions to the existing waterworks system (the "Project") of Century-Volga Public Service District to be constructed in Barbour County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned Water Revenue Bond of the District.

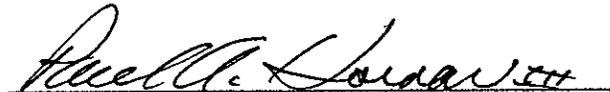
I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that such system is situate wholly or chiefly within the boundaries of said District.

I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or will be obtained.

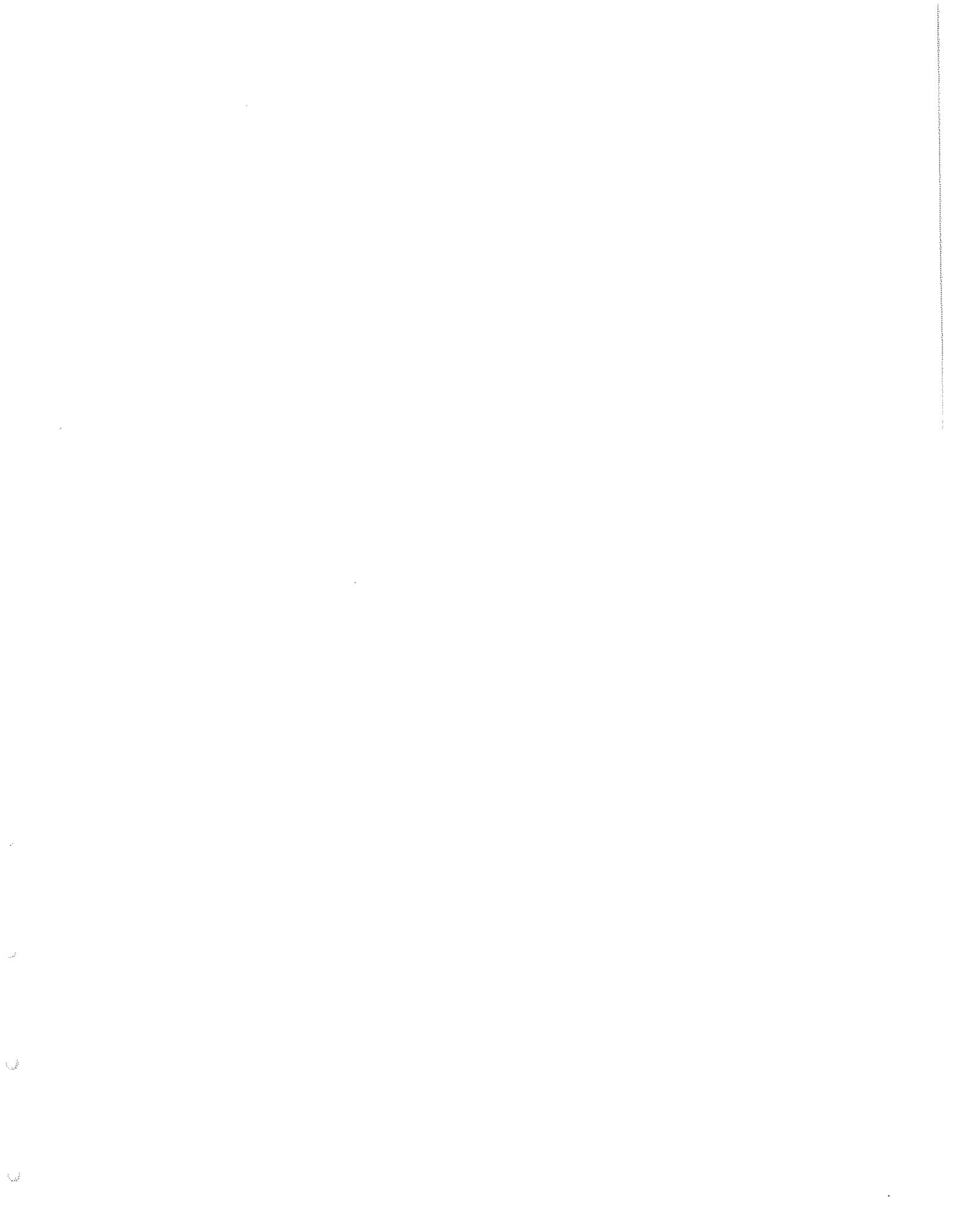
WITNESS my signature on this the 13th day of June, 2003.



HORNOR BROTHERS ENGINEERS


West Virginia License No. 10281

06/03/03
138930.00001



HARRIS & COMPANY

Certified Public Accountants

Buckhannon Office
P.O. Box 732
Buckhannon, WV 26201
(304) 472-1928

Weston Office
235 North River Avenue
Weston, WV 26452
(304) 269-2269

June 11, 2003

Century-Volga Public Service District
Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

The Huntington National Bank
Elkins, West Virginia

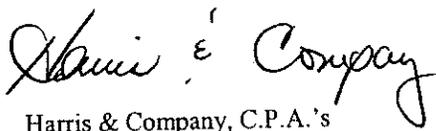
United States Department of Agriculture
Elkins, West Virginia

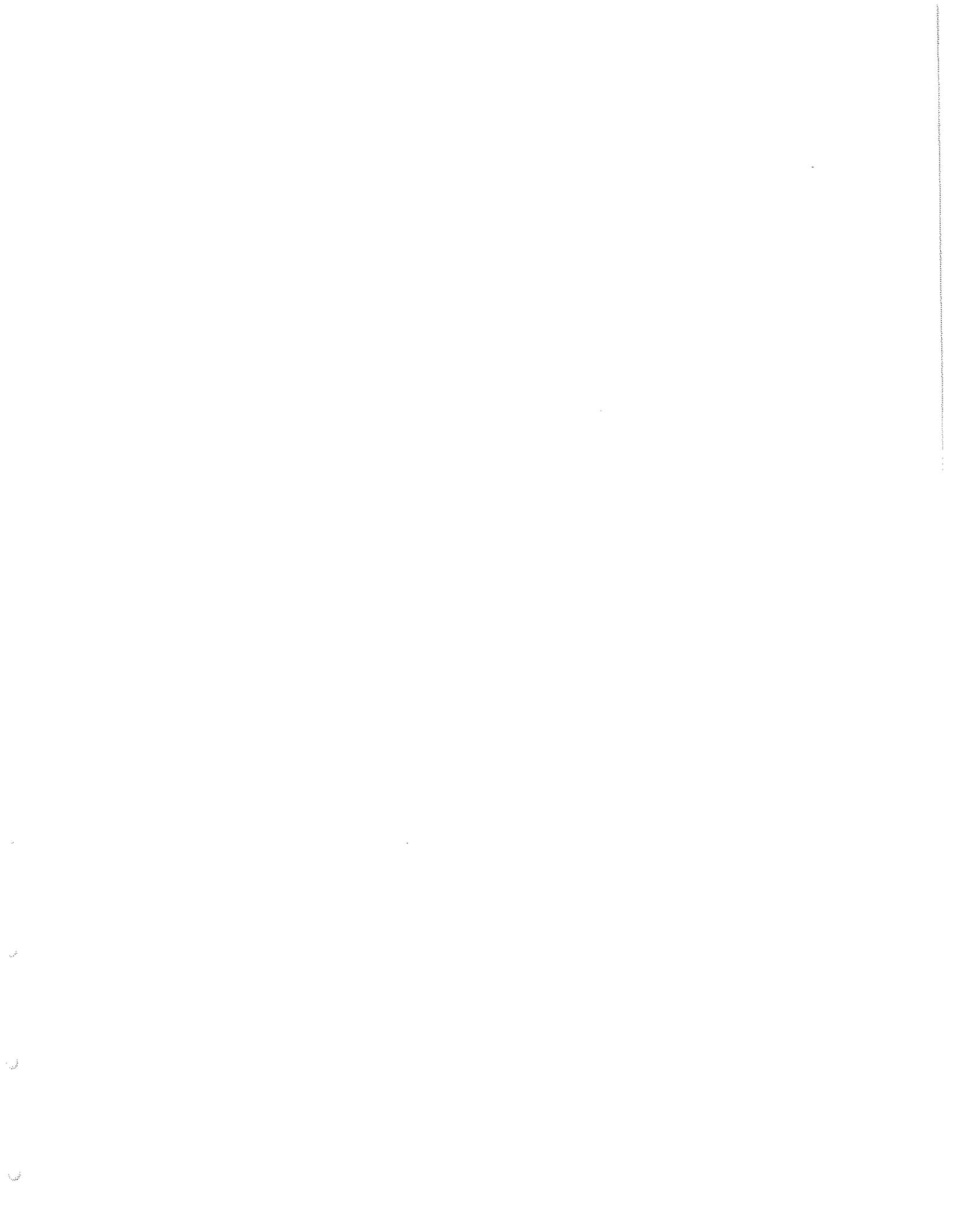
Ladies and Gentlemen,

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, entered May 27, 2003, in case No. 02-1845-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Hornor Brothers Engineers, it is our opinion that such rates and charges, together with other revenues of the waterworks system of Century-Volga Public Service District (the "Issuer"), will be sufficient to provide revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Water Revenue Bond, Series 2003 A (United States Department of Agriculture)(the "Series 2003 A Bond") and the other obligations secured by or payable from the revenues of the System, on a parity with the Series 2003 A Bond, including the Issuer's Water Refunding Revenue Bond, Series 1998 A and the Water Revenue Bond, Series 1998 B (collectively, the "Prior Bonds"), and sufficient to make the payments required to the Prior Bonds Reserve Accounts and the Depreciation Fund and all the necessary expenses of operation and maintenance of the System during such Fiscal Year.

It is our further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2003 A Bond are issued will not be less than 120% of the average annual debt service on the Bonds, including the Prior Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2003 A Bond, are not less than the 110% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2003 A Bond.

Very truly yours,


Harris & Company, C.P.A.'s



20-276

IN THE COUNTY COURT OF BARBOUR COUNTY, WEST VIRGINIA

WHEREAS, It has come to the attention of this Court that there is a serious lack of water and sewage facilities in the Century-Volga area of Barbour County and,

WHEREAS, The future growth of this area requires a dependable sewage and water system for the several communities located therein,

NOW, THEREFORE, The County Court of Barbour County, West Virginia, on its own motion, as permitted by Chapter 16, Article 13a, Section 2 of the West Virginia Code, proposes the creation of a public service district to enable residents of Barbour County to plan, develop, install, and maintain sewer and water services in those areas where such a need exists.

It is therefore, ordered that a public hearing be held at the Court House of Barbour County in Philippi, West Virginia, at 7:00 P.M. Wednesday, the 28th day of August, 1974, at which time and place all persons residing in, or owning, or having an interest in, property within the confines of the public service district intended to be established, hereinafter designated by wates and bounds shall have an opportunity to be heard for or against its creation.

A description of the Volga-Century Public Service District lying on the waters of Tygarts Valley River and in the Westerly portion of Barbour County, West Virginia, being more particularly described as follows:

Beginning at a point at the intersection of West Virginia Route 57 and U.S. Route 119, thence due East 1.28 miles to a point in the center of Tygarts Valley River contiguous with the Western boundary of the Central Barbour County Public Service District. Thence following the meanders of said River Southeastly 5.65 miles to a point leaving said Central Barbour County Public Service District and , continuing along said Tygarts Valley River 0.91 miles, in all, 6.6 miles to a final point in said River, thence S. 02 45 W. 1.49 miles to a peak near the Kerr School 2,200 feet elevation, thence due West 0.95 miles to the center of Middle Fork River and Barbour-Upshur County line. Thence along the meanders of said Middle Fork River and County line Northwestly 1.23 miles to a point in the said River, thence leaving said River along 7 lines of said Barbour-Upshur County line due West 3.28 miles to the West bank of the Buckhannon River, N. 32 30 W. 1.56 miles to a point, N. 20 30 W 1.09 miles to a point, N. 37 30 W. 1.40 miles to a point, N. 65 45 W. 1.83 miles crossing U.S. 119 at 0.41 miles, thence S. 88 30 W. 0.57 mile to the Western right of way of West Virginia Route 20, thence Northwest 1.46 miles to the junction of Harrison, Upshur and Barbour County lines, thence leaving Upshur County line and along four lines of Harrison-Barbour County line N. 03 30 E. 2.03 miles to a point, crossing West Virginia Route 20 and Gatty Creek at 1.6 miles, N. 09 15 W 0.64 mile to a point near Raccoon Creek, N. 04 30 E. 1.36 miles to the center of Elk Creek, leaving Elk Creek N. 34 00 E 3.84 miles to the Pleasant-Elk District division line, thence following the ridge meanders of said division line Southeastly 1.10 miles to a U.S. Government triangulation point named Egypt, and continuing 4.45 miles, in all, 5.55 miles to a straight line, S. 32 45 E. 2.6 miles crossing the B & O Railroad tunnel at 0.66 mile, and continuing along ridge meanders Southerly 2.8 miles to a point, thence due East 0.75 mile to the point of beginning, containing 89.0 square miles, more or less, as plotted from U.S. C.G. geodetic maps in quadrangle Philippi, Audra, Brownton, Century, dated 1960.

It is further ordered that the Clerk of this Court cause this order to be published in one or more newspapers of general circulation in Barbour County, as a Class I legal advertisement, at least Ten (10) days prior to the date of said hearing, and in addition, post in at least (5) conspicuous places within the proposed public service district, a similar notice not less than Ten (10) days before said hearing.

All of which is considered and ordered by the Court on this the 5th. day of August,

1974, and direct that the Clerk of this Court shall enter this order of record and carry out the directions herein contained.

ROBERT McDANIEL, President of Barbour County Court.

Mrs. Edna Prichard appeared before the Court requesting to be RELEASED as COMMITTEE for Mrs. IDA FREEMAN, On motion of Robert McDaniel and seconded by James P. Stamp. Mrs. Prichard is hereby Released as Committee for Mrs. Ida Freeman.

Notary Public applications were approved for the following:

- GREGORY K. SPARKS,
- MARGUERITE COCHRAN &
- CLARA JEAN TRUE.

Mr. Harvey Tucker of Clarksburg, W. Va. was APPOINTED COMMITTEE for LACY FORD, Sr. Appraisers - John K. Phillips, J. W. Wolfe, Jr & James Smith and A. E. Baughman named as Commissioner of Accounts.

Motion was made by Robert McDaniel and seconded by James Keen that the Clerk of this Court to mail Letter to WILLIAM TAYLOR dismissing him as Barbour County DOG WARDEN, Sheriff to serve Letter.

IT IS HEREBY ORDERED THAT COURT DO NOW ADJOURN UNTIL WEDNESDAY AUGUST 7th. 1974, at 7 P.M.

Robert McDaniel
PRESIDENT.

CERTIFICATE

STATE OF WEST VIRGINIA,
BARBOUR COUNTY, SS:

I, GLENNA G. PROPST, Clerk of Barbour County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the Instrument as the same appears of record in my office in *Micellaneous* Book No. *20* Page *276*

WITNESS my hand and official seal.

Glenna G. Propst
CLERK, BARBOUR COUNTY, WEST VIRGINIA

MINUTES
BARBOUR COUNTY COMMISSION
JANUARY 23, 1980.

THE REGULAR SEMI-MONTHLY meeting of the Barbour County Commission was called to order at 7:00 P.M., 23 January 1980 by Kenneth E. Dadisman, PRESIDENT. The next meeting will be February 4, 1980, at 7 P.M.

PRESENT: Kenneth E. Dadisman and Guy Steerman, COMMISSIONERS.

ALSO PRESENT: Glenna G. Propst, County Clerk; Richard A. Corley County Coordinator; Libbie Larson, Secretary; John A. Mosesso, Attorney, Bill Pinnell, Thomas Wolfe, Century-Volga PSD; Mike Betler, Barbour County Housing Authority; Linda Frey, Region VII; and Jerry Dadisman.

Minutes of the meeting of 2 January 1980 were read by the County Coordinator. The minutes were approved as read on; a motion by Guy Steerman. Seconded by Kenneth Dadisman. Passed unanimously.

Minutes of the special meeting of 18 January 1980 were read by the County Coordinator. President Dadisman questioned whether the petition had been filed as directed in the motion. The County Coordinator informed him that it had. President Dadisman also questioned the Coordinator as to the date of the Parks and Recreation Committee meeting, and was told that it would be 31 January 1980 at 7:00 P.M. The minutes were then accepted as read on a motion by Kenneth Dadisman. Seconded by Guy Steerman. Passed unanimously.

Guy Steerman made a motion to appoint Harold Talbott to the Planning Commission to replace Richard Seibert. Kenneth Dadisman seconded. Passed unanimously.

Kenneth Dadisman read a letter from Dr. Poling recommending Norma G. Harris be re-appointed to another 5 year term on the Board of Health. Kenneth Dadisman made a motion to re-appoint Mrs. Harris. Guy Steerman seconded. Passed unanimously.

John Mosesso, Attorney, representing the Century-Volga PSD, presented the Commission with copies of an order establishing the Century-Volga PSD. A discussion followed on the number of members permissible on the board. Kenneth Dadisman made the following motion in accordance with powers granted unto this court by Chapter 16, Article 13a of the Code of WV that from this day forth the Century-Volga PSD shall be a public corporation and political sub-division of the State with power of perpetual succession, but without any power to levy or collect ad valorem taxes, and shall be empowered with all powers, duties, and responsibilities accorded a PSD. It is further ordered that a Public Service Board be appointed consisting of three (3) members, namely; Mrs. Thelma Bullough for a period of two (2) years; Thomas K. Wolfe for a period of four (4) years; and William P. Pinnell for a period of six (6) years. Guy Steerman seconded. Passed unanimously. (21-260)

Mike Betler, Barbour County Housing Authority, approached the Commission with a request for endorsement for the construction of a Solar House, in the Hacker Creek Project. The Commission informed him they would offer their endorsement at some future date as additional plans are developed.

IN THE COUNTY COURT OF BARBOUR COUNTY, WEST VIRGINIA

Pursuant to an order entered by this Court of August 5, 1974, a public hearing was held in the Circuit Court Room in Barbour County, West Virginia, in the City of Philippi, at 7:00 P.M. on August 28, 1974, at which time and place a large number of persons appeared for the purpose of expressing their views on the formation of a new public service district within Barbour County.

The Clerk of this Court testified that she has caused to be published in the Clarksburg Exponent-Telegram, a newspaper of general circulation in Barbour County, as a Class I advertisement on August 17, 1974, a copy of said August 5, 1974 order of this Court, including the legal description of the proposed public service district. And in addition, evidence was presented to the Court that on the same date at least five copies of said August 5, 1974, order were posted in at least five conspicuous places within the proposed public service district, all as required by Law.

At said August 28, 1974, meeting everyone present had an opportunity to be heard on the formation of the proposed district and the consensus was that there is a great need for such a district, and the Court is of the opinion that the creation of such a district is feasible, and that the establishment of such a district will be conducive to the preservation of public health, comfort and convenience of the area.

NOW, THEREFORE, in accordance with the powers granted unto this Court by Chapter 16, Article 13a of the Code of West Virginia, as amended, there is hereby created a new public service district entitled CENTURY-VOLGA PUBLIC SERVICE DISTRICT, which shall have jurisdiction and control of all future sewer and water projects within that portion of Barbour County bounded and described as follows:

Beginning at a point at the intersection of West Virginia Route 57 and U. S. Route 119, thence due East 1.28 miles to a point in the center of Tygarts Valley River contiguous with the Western boundary of the Central Barbour County Public Service District, Thence following the meanders of said River Southeasterly 5.65 miles to a point leaving said Central Barbour County Public Service District and, continuing along said Tygarts Valley River 0.91 mile, in all, 6.6 miles to a final point in said River, thence S. 02 45W. 1.49 miles to a peak near the Kerr School 2,200 feet elevation, thence due West 0.95 mile to the center of Middle Fork River and Barbour-Upshur County line, Thence along the meanders of said Middle Fork River and County line Northwesterly 1.23 miles to a point in the said River, thence leaving said River along 7 lines of said Barbour-Upshur County line due West 3.28 miles to the West bank of the Buckhannon River, N. 32 30 W. 1.56 miles to a point, N. 20 30 W. 1.09 miles to a point, N. 37 30 W. 1.10 miles to a point, N. 65 45 W. 1.83 miles crossing U. S. 119 at 0.41 mile, thence S. 88 30 W. 0.57 mile to the Western right of way of West Virginia Route 20, thence Northwest 1.46 miles to the junction of Harrison, Upshur and Barbour County lines, thence leaving

Upscur County line and along four lines of Harrison-Barbour County line N. 03 30 E. 2.03 miles to a point, crossing West Virginia Route 20 and Quatty Creek at 1.6 miles, N. 09 15 W 0.64 mile to a point near Bacon Creek, N. 04 30 E. 1.36 miles to the center of Elk Creek, leaving Elk Creek N. 34 00 E. 3.28 miles to the Pleasant-Elk District division line, thence following the ridge meanders of said division line Southeasterly 1.10 miles to a U.S. Government triangulation point named Egypt, and continuing 4.45 miles, in all, 5.55 miles to a straight line, S. 32 45 E. 2.6 miles crossing the B & O Railroad tunnel at 0.66 mile, and continuing along ridge meanders Southerly 2.8 miles to a point, thence due East 0.75 mile to the point of beginning, containing 89.0 square miles, more or less.

It is further Ordered that from this day forth the Century-Volca Public Service District shall be a public corporation and political sub-division of the State with power of perpetual succession, but without any power to levy or collect ad valorem taxes, and shall be empowered with all powers, duties and responsibilities accorded a public service district by Chapter 16, Article 13a, of the Code of the West Virginia, as presently in force and hereafter amended.

In further compliance with said Code of West Virginia, there is hereby appointed a public service board consisting of three members, all of whom are persons residing within said district, namely: Thelma Virginia Bullough, T. E. Wolfe, and William F. Pinnell.

It is further ordered that Thelma Virginia Bullough shall serve for a period of 2 years; that T. E. Wolfe shall serve for a period of 4 years; and that William F. Pinnell shall serve for a period of 6 years.

All of which is considered and ordered by the Court on this 23rd day of January, 1960, and the Clerk of this Court is directed to enter this Order of Record.

Kerr E. Daddmar

President of the County Court of
Barbour County, West Virginia

21-260-R

CERTIFICATE

STATE OF WEST VIRGINIA,
BARBOUR COUNTY, SS:

I, GLENNA G. PROPST, Clerk of Barbour County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the Instrument as the same appears of record in my office in Clerks Order Book No. 21 Page 260-262

WITNESS my hand and official seal.

Glenna G. Propst
CLERK, BARBOUR COUNTY, WEST VIRGINIA
By: Debbie E. Harris, Deputy

MINUTES
BARBOUR COUNTY COMMISSION
JULY 6, 1987

The regular semi-monthly meeting of the Barbour County Commission was called to order at 7:30 P.M., July 6, 1987, by Kenneth Dadisman, Acting President. (Woodell Walcott - ABSENT)

PRESENT: James Keen and Kenneth Dadisman, COMMISSIONERS.

ALSO PRESENT: Glenn Probst, County Clerk; Richard Corley, County Coordinator; Wanda Mouser, Deputy Clerk; Joseph Kaiser, Jr. and Patrick Jones.

The minutes of the meeting of June 15th. were read by the County Coordinator and after two minor corrections, were approved on motion by James Keen, seconded by Kenneth Dadisman.

On motion by James Keen, seconded by Kenneth Dadisman, the Commission approved a request for financial assistance in the amount of \$ 150.00 to the Town of Junior for the town "Clean Up" project.

On December 22, 1986, James Boni was appointed Executor of the estate of Ida Boni and as of this date, an appraisal has not been filed with the County Clerk. After some discussion, the Commission referred the matter to the Prosecuting Attorney.

On motion by Kenneth Dadisman, seconded by James Keen, the Commission will conduct a Public Hearing on August 17, 1987, for the purpose of extending the boundaries of the Century-Volga PSD.

Richard Corley, Temporary Director of Emergency Services, brought to the attention of the Commission the need for an additional employee at the squad. The accumulated time and sick leave compensation for Barbara Wine was also discussed. Both matters were tabled until the next Commission meeting.

CERTIFICATE

STATE OF WEST VIRGINIA,
BARBOUR COUNTY, SS:

I, DEBRA H. TALBOTT, Clerk of Barbour County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the Instrument as the same appears of record in my office in Miss. Book No. 23 Page "C"

WITNESS my hand and official seal.

Debra H. Talbott
CLERK, BARBOUR COUNTY, WEST VIRGINIA

MINUTES
BARBOUR COUNTY COMMISSION
AUGUST 17, 1987

The regular semi-monthly meeting of the Barbour County Commission was called to order at 7:30 P.M., August 17, 1987, by Wendell Malcolm, President.

PRESENT: James Keen and Wendell Malcolm, COMMISSIONERS. (Kenneth E. Badisman-Absent)

ALSO PRESENT: Glenn G. Propert, County Clerk; Richard Carley, County Coordinator; Wayne Houser, Deputy Clerk; Joseph Kaiser, Jr., John Rosesso, Attorney; Patricia Frey, Miles Ford, Joanne Redcliff, Jackson & Connie Bennett.

The minutes of the meeting of August 3rd. were read by the County Coordinator and were approved on motion by James Keen, seconded by Wendell Malcolm.

The Commission conducted a Public Hearing regarding the change in the City of Philippi Corporate Limits for the purpose of constructing a sewage treatment plant. Since the City of Philippi already owns the property and there were no objections to the transaction, on motion by Wendell Malcolm, seconded by James Keen, the request for annexation was granted.

~~The Commission conducted a Public Hearing to receive public sentiment concerning the expansion of the Century/Volga PSD. Since there were no objections to the proposal, on motion by James Keen, seconded by Wendell Malcolm, the expansion was approved by the Commission.~~

Connie Boni Bennett came before the Commission to discuss the failure of James Boni, Escutor, to file an appraisal of the estate of TIA BONI, deceased. Mr. Boni has not responded to a letter sent to him by Caton Hill, Prosecuting Attorney, on July 24, 1987 requiring the appraisal to be filed. The Commission will subpoena Mr. Boni to appear at the next Commission meeting, so further action can be taken.

On motion by James Keen, seconded by Wendell Malcolm, the Commission approved an adjustment in the Ad Valorem taxes on the FY1987-88 Budget to compensate a loss of \$ 6,222.58 in Public Utility Taxes due to an error made by the State Auditor's Office.

The Commission discussed moving the communications tower site, but no decision will be made until a cost estimate is completed.

It was brought to the attention of the Commission by the County Clerk that the Magistrate Court Fund is in the red. No transfers or budget changes will be made at the present time.

The Commission appointed Sandra Haller, W. Robert McDaniel and Maurice Allman to serve as Members to the Regional Health Advisory Council.

Richard Carley, Temporary Director of the Emergency Squad, gave the emergency squad reports for July, 1987.

The Commission reviewed several items of correspondence.

CERTIFICATE

STATE OF WEST VIRGINIA,
BARBOUR COUNTY, SS:

I, DEBRA H. TALBOTT, Clerk of Barbour County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the Instrument as the same appears of record in my office in Misc. Book No. 23 Page "C"

WITNESS my hand and official seal.

CLERK, BARBOUR COUNTY, WEST VIRGINIA



DEPUTIES:

WANDA DAVIS MOUSER
MACEL AUVIL
DEBBIE H. TALBOTT
RUTH E. WILMOTH
BETTY CLEAVENGER

COUNTY COMMISSIONER:

WENDELL O. MALCOLM
PRESIDENT
ROUTE 1
PHILIPPI, WV 26411
JAMES KEEN
303 DAYTON BLVD
BELINGTON WV 26
KENNETH E. DADISMAN
ROUTE 1, BOX 278
PHILIPPI, WV 2641

County Commission of Barbour County

GLENN A. PROPST, CLERK
PHILIPPI, WEST VIRGINIA

COUNTY COORDINATOR:
RICHARD A. CORLEY

At a regular session of the Barbour County Commission held on the 17th day of August 1987, the following order was made and entered:

SUBJECT: Public Hearing conducted in conjunction with the regular session to receive public sentiment regarding a proposal to enlarge the boundaries of the Century-Volga Public Service District such hearing having been appropriately advertised by class II-0 Legal Advertisement in local paper.

The following resolution was offered by Commissioner Keen:

RESOLVED: That subject to the approval of the Public Service Commission of West Virginia, The Barbour County Commission, having received no comments in opposition to the matter, does hereby approve the enlargement of the Century-Volga Public Service District as indicated in the attached map and description.

The adoption of the foregoing resolution, having been moved by Commissioner Keen and seconded by Commissioner Malcolm, the vote thereon was as follows:

Wendell O. Malcolm	Yes
Jim Keen	Yes
Kenneth E. Dadisman	Absent

Whereupon Commission President Malcolm declared the resolution duly adopted and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is, hereby adopted as so stated above. The County Coordinator is directed to communicate this action to the Public Service Commission of West Virginia for approval.

Wendell O. Malcolm

Wendell O. Malcolm, President
Barbour County Commission

ORIGINAL

ENTERED

OB. 87-5 Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 8, 1988

FINAL
1-28-88

CASE NO. 87-639-W-P

BARBOUR COUNTY COMMISSION
Petition for approval to
enlarge Century-Volga
Public Service District
boundaries.

RECOMMENDED DECISION

PROCEDURE

On August 26, 1987, the County Commission of Barbour County submitted an order to the Public Service Commission entered by the County Commission on August 17, 1987, which order enlarged the boundaries of the Century-Volga Public Service District, pursuant to the provisions of West Virginia Code §16-13A-2 and following hearing and public notice. The purpose of the enlargement of District is to enable the District to provide water service to the Carrollton Road, Audra State Park and Werner areas.

By order entered on November 10, 1987, the matters involved herein were scheduled for hearing to be held in Philippi, Barbour County, on December 7, 1987, as required by West Virginia Code §16-13A-2, regarding the enlargement or expansion of a public service district by a county commission. The order of November 10, 1987, also required that the Barbour County Commission publish a copy of the notice form attached to the order once in a newspaper published and of general circulation in Barbour County, making due return to the Commission of such publication prior to the day of hearing.

On December 4, 1987, the Barbour County Commission filed an Affidavit of Publication with the Public Service Commission indicating that notice of the hearing scheduled for December 7, 1987, was published in the Barbour Democrat, a newspaper published and of general circulation in Barbour County on November 25, 1987.

The hearing was held as scheduled on December 7, 1987, with John A. Mosesso, appearing as counsel for Century-Volga Public Service District; Kenny Dadisman and Wendell Malcolm, Commissioners, appearing on behalf of the Barbour County Commission; and Steve Hamula, of the Legal Division, appearing on behalf of Commission Staff. At the hearing, Kenny Dadisman presented testimony on behalf of the Barbour County Commission. No individuals appeared in protest to the petition to enlarge the boundaries of the Century-Volga Public Service District. At the close of hearing on December 7, 1987, the matters involved herein were submitted for decision with no parties desiring to file briefs in this proceeding.

DISCUSSION

The purpose of the hearing held on December 7, 1987, was to satisfy the requirements of West Virginia Code §16-13A-2, which, among other things, requires that the Public Service Commission provide a hearing in the affected county whenever an order is filed with the Public Service Commission by a county commission, creating, expanding, merging or consolidating a public service district. Upon hearing, the Public Service Commission may approve, reject or modify the order of the county commission if it finds it in the best interest of the public to do so. As noted above, only one witness presented testimony at the hearing held on December 7, 1987. Kenny Dadisman, a Commissioner on the Barbour County

Commission, indicated that the people in the area to be incorporated within the boundaries of the Century-Volga Public Service District have tried to get water from the County Commission before and this is the first step that must be taken in order to assist those individuals in obtaining water service. (Tr., p. 6). There is no other water utility of any kind serving any part of the area to be incorporated within the Century-Volga Public Service District. (Id.). While there is another public service district in Barbour County whose service territory is near the affected area, Central Barbour Public Service District, that District is not interested in expanding into the area which is the subject of the petition to enlarge Century-Volga Public Service District and it desires to expand in another direction. (Tr., pp. 7-9). At the conclusion of the testimony of Mr. Dadisman, Staff Attorney Hamula indicated that Commission Staff is not opposed to the expansion of Century-Volga Public Service District in any way. (Tr., p. 10).

Upon consideration of the testimony presented at the hearing held on December 7, 1987, and in light of the fact that two public hearings have been held on this matter with no protests having been filed with the Barbour County Commission or the Public Service Commission of West Virginia and with no individuals appearing at either hearing to protest the enlargement of Century-Volga Public Service District, the Administrative Law Judge (ALJ) is of the opinion that it is reasonable to approve the order of the Barbour County Commission entered on August 17, 1987, enlarging the boundaries of the Century-Volga Public Service District to enable the District to provide water service to the Carrollton Road, Audra State Park and Werner areas.

FINDINGS OF FACT

1. Both the Barbour County Commission and the Public Service Commission of West Virginia have held public hearings on the enlargement of the Century-Volga Public Service District to incorporate the Carrollton Road, Audra State Park and Werner areas and no one has appeared to protest that enlargement at either hearing and no written protests have been filed with the Public Service Commission regarding the enlargement of the Century-Volga Public Service District. (See, generally, Transcript of December 7, 1987, and Order filed by the Barbour County Commission on August 26, 1987).

2. Commission Staff does not oppose the enlargement of the Century-Volga Public Service District to incorporate the affected areas. (Tr., p. 10).

3. Notice of the public hearing held on December 7, 1987, regarding the enlargement of the Century-Volga Public Service District was given by publication. (Affidavit of Publication filed December 4, 1987).

CONCLUSION OF LAW

It is reasonable for the Public Service Commission to approve the Order of the Barbour County Commission entered on August 17, 1987, enlarging the boundaries of the Century-Volga Public Service District, to incorporate the Carrollton Road, Audra State Park and Werner areas into the Century-Volga Public Service District, since such enlargement will enable those areas to receive water service, since no public protest has been received regarding the enlargement of the District and since the enlargement of the District appears to be reasonable and in the public interest.

ORDER

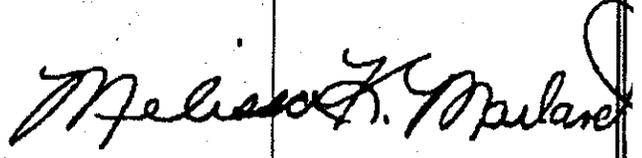
IT IS, THEREFORE, ORDERED that the Order of the Barbour County Commission entered on August 17, 1987, enlarging the boundaries of the Century-Volga Public Service District, to enable the District to provide water service to the Carrollton Road, Audra State Park and Werner areas, be, and it hereby is, approved.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Melissa K. Marland
Deputy Chief Administrative Law Judge

MM:mr6

BARBOUR COUNTY COMMISSION MEETING - MARCH 1, 1999 - MINUTES

The Barbour County Commission held a regular meeting March 1, 1999 at the Courthouse.

PRESENT: Eddie S. Canterbury, Commission President; Kenneth E. Dadisman and Steve Sinsel, Commissioners; Debr H. Talbott, Clerk; and Charles Foley, Coordinator.

ALSO PRESENT: Peggy Chesser Sjoberg, Mary M. Poling, Shannon N. Shreve, Willidene Marsh., T.K. Wolfe, "Rat Talbott, Tim Lach, Bretzell Allen, Jack M. Murphy, Carl F. Nestor, Joyce Wilson, Pat Snodgrass, Tim Wilson, Candac Jacques, Junfor Jacques, John Pyles, Frank L. Keener, Robert W. Golden, Jennie Golden, June Golden, Betty Golden "Buzzy" Golden, Branda Wilmoth, Juanita Purkey, W. Ray Poling, Mildred J. "Tillie" Poling, Kim Delauder, Debora Harget, Trudy Hughes, Geoffrey Braunsberg, Phil Hart, Arthur Marsh, Loueda Shaffer, James Shaffer, Willie Whetsell, Veda Daugherty, Fred Daugherty, Paul Bulka, William "Bucky" Poling, Jeannie Mozley, William Mozley Velma Marsh and Barbie Gordon.

The meeting was called to order at 7:00 PM by President Canterbury. All present recited in unison the Pledg of Allegiance.

The Clerk read the minutes of the previous meeting with corrections being made and motion to approve by Kennet Dadisman, seconded by Steve Sinsel, motion carried unanimously.

Mary Poling, "Bucky" Poling, Fred Daugherty, Paul Bulka and Peggy Chesser Sjoberg representing the Concerned Citizens of Barbour County spoke to the Commission regarding the proposed Infectious Medical Waste Facility and again asked the Commission to bring this issue to a referendum so that all citizens could vote on the issue. "Bucky" Poling read the following letter from Thomas R. Michael, Attorney for Concerned Citizens of Barbour County, Inc. to the Commission: "WV Code §20-5K-3(b) provides for a referendum in two ways: upon affirmative vote of the majority of the County Commissioners "or" upon the written petition of registered voters. These two methods are independent. In other words, either one is sufficient to cause a referendum. If a sufficient number of voters sign the petition, then there will be a referendum whether or not the County Commission votes on it. However, the statute states that the petition shall be filed within sixty days of the publication of the proper notice. Likewise, a majority of the County Commission can put a referendum on the ballot, even if no petition has been filed. There is no time limit stated in the statute for action by the County Commission. The County Commission is not restrained from acting even if no petition is filed within 60 days of the notice." He also gave the Commission a sample of a Resolution and Order Placing Referendum on Ballot that could be placed upon the ballot in the next primary, general or other county wide election to be held in Barbour County. President Canterbury commented that he had attended a meeting in Charleston to discuss this project and had spoke with the Prosecuting Attorney and reported that the Attorney General could not give an opinion in this matter, but that he would assist the Prosecutor with opinion preparation. President Canterbury also stated that he would await the opinion from the Prosecutor before going any further in this matter. The Concerned Citizens asked that the opinion be in writing.

The Commission will meet with elected officials on March 4, 1999 at 3:00 PM to discuss the 1999-2000 budget.

Branda Wilmoth, Director of the Barbour County Senior Center, Inc. met with the Commission to discuss various needs for the Seniors within the County and the need for additional funding. The Commission will consider these needs for the upcoming budget year.

A discussion was held with Phil Hart regarding a recent outage of the telephone lines on the 823 exchange. The Commission will meet with Bell Atlantic and to discuss alternatives in the event this situation should occur.

A discussion was held with Deborah Hargot regarding the spade and neutering program for the County and their methods of disposal for domesticated animals and presented the Commission with materials and information from other Counties including Warning Citations, Control Notices and the WV Spay/Neuter Mobile Unit.

Following discussion regarding the Century-Volga Public Service District and the resignations of Bill Mick and Juanita Hunt from the board, motion by Kenneth Dadisman to refuse the resignations and appoint Paul Calhoun of Volga to a six year term on the board, seconded by Steve Sinsel, motion carried unanimously.

Motion by Steve Sinsel to appoint Walter Zinn to the Chestnut Ridge Public Service District to fill the unexpired term of Jack Miller, seconded by Kenneth Dadisman, motion carried unanimously.

Motion by Eddie Canterbury to re-appoint Randy Dolly to the Solid Waste Authority, seconded by Steve Sinsel,

motion carried unanimously.

Coordinator Foley reported that the Commission has advertised for bids for emergency lights at the Courthouse and the last day to receive bids is March 5, 1999.

There will be a meeting with the Department of Highways at the Weston Office on March 12, 1999 at 10:00 AM to discuss addressing within the County.

Allegheny Power office in Fairmont will host a 911 council meeting on March 5, 1999.

The Barbour County Commission will send a letter of support to the Randolph County Housing Authority's application for a USDA Rural Development Housing Preservation Grant to assist the rehabilitation of housing in Barbour County.

Michael Gioulis, Historic Preservation Consultant sent the Commission a site visit report for the courtroom ceiling. The report was prepared to address the removal of the dropped ceiling in the courtroom and expose the plaster ceiling and stained glass skylight. Recommendations include the removal of the dropped ceiling and all attachment points into the plaster be repaired along with new wiring and boxes for connections for light fixtures suspended from the ceiling so that they will match original photographs or drawings. The Commission gave special thanks to the Coordinator and Tammy Stemple for their efforts with this project.

Motion by Kenneth Dadisman to grant use of the bandstand area for the Family Resource Network rally for the National Stand for Children Day to be held June 1, 1999, seconded by Steve Sinsel, motion carried unanimously.

A letter was received from Senator Jon Blair Hunter regarding the Regional Jail site and his support for the proposed Tucker County site.

A discussion was held with Dabbie Barb from Dartmoor regarding the annexation of that area into the Town of Junior so that they would be included in the police protection from that area.

Motion by Kenneth Dadisman to grant the use of the courtyard to the Blue and Gray Reunion scheduled for June 2, 1999 through June 6, 1999, seconded by Steve Sinsel, motion carried unanimously.

An audit exit interview will be held on March 4, 1999 at 4:00 PM.

The Commission will meet with Region VII Planning and Development Council on March 4, 1999 at 3:00 PM to review a contract for the administration of a Small Cities Block Grant.

Exonerations were approved as filed.

The Commission approved all accounts payable since the last regular meeting.

Motion by Kenneth Dadisman to approve the cancellation of orders as filed by the Sheriff, seconded by Eddie Canterbury, motion carried unanimously.

Final Settlements were approved for the following deceased persons: Ocie Pearl Steele, Jack Thomas Streets, Martha E. Davis, Arnett R. Davis, Elvia Sturms, Paul Ray Bolyard, Howard T. Bender, Roy Richards, Arthur Leon Brandon, James H. Duckworth and Harry L. Mitchell.

The meeting adjourned with the next regular meeting scheduled for April 5, 1999 at 7:00 PM.

Eddie S. Canterbury, President
Barbour County Commission

BARBOUR COUNTY COMMISSION MEETING - MARCH 24, 1999
M I N U T E S

The Barbour County Commission held a special meeting on March 24, 1999 at 1:00 PM.
PRESENT: Eddie S. Canterbury, Commission President; Steve Sinsel, Commissioner; Debra H. Talbott, Clerk and Charles Foley, Coordinator.
ALSO PRESENT: Connie Duke and Rosemary Wagner.
The meeting was called to order at 1:00 PM by President Canterbury.
Discussion was held with Rosemary Wagner and Connie Duke regarding an Agreement for Administrative Services between the Barbour County Commission and Region VII Planning and Development Council. The agreement was not

Prosecuting Attorney.

- A discussion was held with Sheriff Cutright and the Commission regarding personal matters.
- A review of Small Cities Block Grant projects was held with Chuck Ervin.
- Motion by Steve Sinsel to provide an accounting of the \$50,000.00 Shell Building Account for the Belington Industrial Park, seconded by Phil Hart, motion carried unanimously.
- Discussion was held with Chuck Ervin inquiring about the appointments to the Development Authority. The Commission will make appointments at the February 13, 2001 meeting.
- Discussion was held regarding the National Flood Insurance Program and Community Assessment Valuation with Walli Wilson of the Wilson Consulting Firm. He will meet with Junior Barker, mapper in the Assessors Office.
- Coordinator Foley read a letter of request from the Town of Junior and City of Belington regarding annexation proposals. The Commission will take this matter under advisement.
- Discussion was held regarding the location of B911 that is now housed in the basement of the Courthouse and is in the flood plain.
- Discussion was held regarding computer updates and internet access.
- A meeting will be scheduled with the Health Department regarding the use of their staff to provide medical treatment to the inmates.
- Upon recommendation of Sheriff J.M. Cutright, motion by Steve Sinsel to hire Greg Kittle as a temporary Deputy for the period of ninety days, seconded by Phil Hart, motion carried unanimously. Also following discussion J. Burge and Phil Ferguson will be paid straight pay for their vacation time.
- The Commission will forward a letter to Fred VanKirk regarding the upgrade to the Point Pleasant Road project.
- Thursday, February 15, 2001 will be Barbour County Day in Charleston. Coordinator Foley will obtain more information before the next meeting.
- Discussion was held pertaining to the horse arena at the fairgrounds and a meeting has been scheduled for Feb. 9, 2001 at 11:00 AM to discuss future funding.
- Budget Adjustments were approved as filed in the Clerk's office.
- Motion by Steve Sinsel to donate the \$2,935.00 from the sale of the brush truck to the Philippi Fire Department, seconded by Phil Hart, motion carried unanimously.
- The Commission will make appointments to the various boards and authorities at the Feb. 13, 2001 meeting.
- Coordinator Foley has applied for an extension to the Local Law Enforcement Block Grant Program.
- Motion by Steve Sinsel to pay \$4,500.00 toward the fireworks for the 4th of July celebration at the fairgrounds, seconded by Phil Hart, motion carried unanimously.
- Motion by Phil Hart to pass a resolution to administer a grant for the Tacy Community Center and appoint the Commission President Kenneth Dadiaman to sign all documents pertaining to the same, seconded by Steve Sinsel, motion carried unanimously.
- The Coordinator reminded the Commission of upcoming meetings throughout the County.
- Motion by Kenneth Dadiaman to change the March 5, 2001 meeting to March 12, 2001 at 7:00 PM, due to the Annual Association meeting, seconded by Steve Sinsel, motion carried unanimously.
- The Commission approved all accounts payable since the last regular meeting.
- Final Settlements for the estates of the following deceased persons were approved: Opal R. Shaw, Norma Mae Skidmore, Myrtle Louise Smith, Curtis Eugene Sellards and Joseph W. Post.
- The Final Settlement of the Committee of Retha L. Summers was approved.
- The meeting adjourned.

BARBOUR COUNTY COMMISSION SPECIAL MEETING

FEBRUARY 13, 2001

M I N U T E S

- The Barbour County Commission held a special meeting February 13, 2001 at the Courthouse.
- PRESENT: Kenneth E. Dadiaman, Commission President; Steve Sinsel and Phillip D. Hart, Commissioners; Debra H. Talbott, Clerk and Charles Foley, Coordinator.
- ALSO PRESENT: Loring R. Phillips, J. M. Cutright, Roger Nestor, Guy J. Steerman, Nancy Streets and Tim Ferguson.
- The meeting was called to order at 5:00 PM.
- The Commission opened a Board of Equalization meeting, those requesting to speak completed an application and then spoke to the Commission. Having heard all evidence for Equalization, decisions were made and handed to the Assessor.
- Roger Nestor, WVU Extension Agent in Barbour County, presented his budget proposals for the 2001-2002 fiscal year for the Extension Office and distributed the proposals to each Commissioner and the Coordinator. The proposals made will be considered when the levy is prepared.
- Motion by Phil Hart to approve mutual aid agreements with the Sheriff's Departments from surrounding Counties, seconded by Steve Sinsel, motion carried unanimously.

Sheriff Cutright presented his budget proposals to the Commission for the 2001-2002 fiscal year.

Motion by Steve Sinsel to re-appoint Donald Cleavenger to the Century-Volga Public Service District, seconded by Phil Hart, motion carried unanimously.

The Commission also held a discussion with the Prosecutor, the Assessor and County Clerk regarding their budget requests.

Motion by Kenneth Dadisman to appoint Lisa Hart to the Board of the Barbour County Health Department, seconded by Steve Sinsel, Commissioner Hart, abstaining from the vote, motion carried.

Motion by Steve Sinsel to agree with the results of the hearing held by George Neekley for the JOSEPH MARTINKU estate. The results include abiding by the Will to grant property and distribute as stated in the deed, this motion also includes the opinion of the Prosecuting Attorney, seconded by Phil Hart, motion carried unanimously. In the event the family would like to contest this decision, the case must be referred to Circuit Court.

Appointments to various boards or committees were made as follows: Kenneth Dadisman and Bill Cordar re-appointed to Parks and Recreation; Rick Hynes and John Cvachko to the Barbour County Development Authority and also Steve Sinsel serving as the Commissioner on the Authority; Nancy Streets to fill the opening on the Region VII Planning and Development Council along with Kenneth Dadisman, Commission President as required; and Phil Hart to serve on the Barbour County Extension Service Committee.

The meeting adjourned.

BARBOUR COUNTY COMMISSION - SPECIAL MEETING

MARCH 2, 2001 - MINUTES

The Barbour County Commission held a Special Meeting March 2, 2001 at the Courthouse.

ALSO PRESENT: Sam Pitthan and Ann Rexroad

The meeting was called to order at 9:00 AM by Commission President, Kenneth E. Dadisman.

Following questions and answers with Ann Rexroad and Sam Pitthan regarding a new CAD system for E911, motion by Steve Sinsel to pay the County portion for the system, seconded, seconded by Phil Hart, motion carried unanimously. This will be completed and installed along with training from a Technological ARC Grant.

Motion by Phil Hart to approve a Resolution with Region VII Planning and Development Council, seconded by Steve Sinsel, motion carried unanimously.

A steering committee meeting will be held on March 9, 2001 at 12:00 PM.

The meeting adjourned.

Kenneth E. Dadisman, President
Barbour County Commission

Settlements were unanimously approved as follows: Virginia Ruth Auvil, Carol E. Boyles, Mary Edith Coffman, Lloyd Everson, Scott Phillips Trust, Alva Row, Aida A. Shaffer, Wilbert W. Tenney, Laura Moore, final guardian and Joe Vocasky Trust, Annual Settlement.

The meeting adjourned with the next meeting scheduled for March 26, 2003 - 9:30 AM.

Philip D. Hart
President, Barbour County Commission

BARBOUR COUNTY COMMISSION MEETING - APRIL 15, 2003

MINUTES

The Barbour County Commission held a regular meeting April 15, 2003.

PRESENT: Phil Hart, Commission President; Steve Sinsel and Tim McDaniel, Commissioners; Debra H. Talbott, Clerk and Charles Foley, Coordinator.

ALSO PRESENT: Donald Cleavenger, Vernon Woods, Linda Pracell, Paul Calhoun, Ben Simmons, Clayton Carter, Bill Yoke, E. Lynn Phillips, John M. Cutright, Sandy Sipa, Duane Bennett, Dorothy Hayhurst, Linda Wilfong, Terry Wilfong, Edgar Brown, Eddie Paugh, John Loyd, Ellen Jones, Carol Skrodinsky and Debbie Hayhurst.

The meeting was called to order at 7:30 PM and all present recited in unison the Pledge of Allegiance.

Discussion was held with Bill Yoke from NYK Associates regarding the elevator project for the courthouse. He said that a portion of the sheriff's office will be cut out and a portion of the prosecuting attorney's office will also be used in the construction of the elevator. Historical preservation has also been intergrated into the plans because the courthouse will be 100 years old this summer. Also, some of the officials stated that there may be a possibility that the State Supreme Court may hold a session at the Barbour County Courthouse early this fall in celebration of the courthouse centennial.

Eddie Paugh, Director of the Vision Appalachia Project spoke to the Commission regarding their vocational training program which is to develop and provide job skills for students that have dropped out of school, can't find a job or they can not afford to go to college. The Vision Youth Vocational Training Program is designed to locate the youth and one project is a lawn care service which will employ young adults between the age of 18 to 25 and proposed contracting services at the fairgrounds. The Commission asked Mr. Paugh to prepare an estimate of costs for the next meeting.

The Commission unanimously approved the use of the pavilion on April 25, 2003 for Women's Aid in Crisis from 10:00 AM until 2:00 PM for it's clothesline project and also hold a candlelight service for all those who have survived child abuse and sexual assault.

The Commission unanimously approve the placement of a Children's Memorial Day Flag on the pavilion/bandstand.

Discussion was held with Edgar Brown regarding the upcoming Blue and Gray reunion with a question regarding the ownership of the Veteran's Park.

Discussion was held regarding the White Oak voting precinct, the Clerk will attempt to contact the owners of the old White Oak school building.

The Commission received information from a study conducted in Fayette County regarding the costs to house inmates in the Regional Jail and a Community Correction program.

Animal Friends of Barbour County President Dorothy Hayhurst asked the Commission if any assistance could be provided to fund the cost of liability insurance which would cost \$1,800.00 per year and would allow volunteers to work at the kennel. Also, she stated that grants being applied for required a letter of support from the County Commission. The Commission said funding would have to be within their budget and that they would ask the Prosecuting Attorney for advice to write a letter to assist in their grant writing. Animal Friends have asked if it would be possible to add portable kennels at their expense and to build a 10' X 10' concrete platform at the cost of approximately \$200.00.

Discussion was held regarding the old VFW property on 119 that is owned by Aaron Fowler and is falling down. This has become a health and safety concern (the building is full of trash, rat infested and the roof has collapsed) for the people living on adjoining property and that their children have to pass there to go to the bus stop.

Motion by Steve Sinsel to approve the levy rate and budget for the General County and Coal Severance funds, seconded by Phil Hart, motion carried unanimously.

A request was received from the Chamber of Commerce to hold a fireworks display on July 3, 2003 at the fairgrounds. Motion by Phil Hart to approve, seconded by Steve Sinsel, motion carried unanimously.

Discussion was held with John Loyd regarding the need for repairs to the pavilions at the fairgrounds and the Philip Barbour High School Cross Country program. Also he gave the Commission a copy of the minutes from the last Parks and Recreation meeting.

The Commission unanimously approved the installation of a drop ceiling at the E911 center to improve acoustics.

The Commission unanimously approved all budget adjustments, cancelled orders, exonerations, estate appointments and approved payment of all statements since the last regular meeting.

The Commission unanimously approved a Hazard Mitigation Plan.

A Small Cities Block Grant hearing will be held May 5, 2003 at 6:30 PM in the Commission room.

Appointments for an anti-terrorism liaison between the county and state was tabled.

Century-Volga Public Service District member Donald Cleavenger asked the Commission to re-appoint Vernon Woods

to the Public Service District. The Commission stated that a petition from Timothy Lach to replace Vernon Wood was being investigated and this was the reason for the delay. Motion by Steve Sinsel to re-appoint Vernon Wood to the Century-Volga PSD, seconded by Tim McDaniel, motion carried unanimously.

A letter has been sent to Region 7 appointing Steve Sinsel to represent the Commission at the Region 7 meetings.

The Commission said they will begin to assign priority points to County projects for the Region VII Planning and Development Council, these points help to determine funding of projects.

The Commission approved the request for Newton's Wrecker Service to be added to the rotation list at the E91 Communications Center.

The meeting adjourned with the next meeting scheduled for May 5, 2003 at 7:00 PM.

[24-278] Agreement - Animal Friends of Barbour County, also recorded in deed book 396-521.

Phil Hart, President
Barbour County Commission

BARBOUR COUNTY COMMISSION MEETING - MAY 5, 2003

MINUTES

The Barbour County Commission held a regular meeting May 5, 2003 at the courthouse.

PRESENT: Phil Hart, Commission President; Steve Sinsel and Tim McDaniel, Commissioners; Debra H. Talbott, Clerk and Charles Foley, Coordinator.

ALSO PRESENT: William Knight, Linda Procell, Bonnie Sama, Rosemary Wagner, Dorothy Hayhurst, John Cutright, Carol Skrodinsky, Ben Simmons, Bob Wilkins, John Cutright, Carol Marks and Duane Bennett.

A public hearing was held at 6:30 PM with Rosemary Wagner, Executive Director of Region VII Planning and Development Council for a Small Cities Block Grant application. The hearing was for the Barbour County Commission - Route 57 waterline extension and installation of an elevator at the courthouse. Public Comment was taken and recorded for the project. The Clerk read the Resolutions of Support and the appointment of the Commission President Phil Hart to sign all documents relating to the grant application, motion by Tim McDaniel to approve as read, seconded by Steve Sinsel, motion carried unanimously.

The regular Commission meeting was called to order at 7:00 PM and all present recited in unison the Pledge of Allegiance.

Discussion was held regarding a complaint about the old VFW property on Route 119.

Discussion was held with Carol Marks regarding a property line dispute of a County Road in Galloway. Prosecuting Attorney E. Lynn Phillips has advised that the property owner have a survey completed.

The Commission unanimously accepted the resignation of Bob McDaniel from the Board of Health and unanimously appointed Sandra Dadisman to fill the vacancy.

The Commission unanimously appointed Larry Allen and Bill Kershner to the West Virginia Watch Program.

Discussion was held with Dorothy Hayhurst, President of Animal Friends of Barbour County, they now have their liability insurance and are ready to sign the Waiver of Liability and the agreement with the County Commission.

Bonnie Samu from North Central Community Action requested the support of the Commission for a Proclamation declaring the month of May "Community Action" month. The Commission unanimously supported the request.

Phillips City Council member Bob Wilkins asked the Commission to support the Water Plant project with their priority points to Region VII. The points must be submitted by May 27, 2003.

Joe Mattaliano, representing the Barbour County Development Authority asked the Commission for \$3,000.00 for the Authority. The Authority currently owes the Commission \$6,000.00 and they are asking to pay back only \$3,000.00.

Discussion was held regarding New Vision Lawn Service - the Commission will ask for a clarification of the proposal before finalizing their decision about the service.

Motion by Steve Sinsel to waive the fees for use of the fairgrounds for Phillip Barbour High School graduation as requested by School Principal Garry Tenney, seconded by Phil Hart, motion carried unanimously.

Sheriff Cutright reported that he had tagged surplus military equipment, at no cost to be used by County law enforcement, included in these items were dozers, lawn mowers, loaders, cameras, TV's, recording equipment, ect. The Sheriff will be taking two or three men to view the equipment. Motion by Steve Sinsel to give the Sheriff the County credit card to pay expenses of the trip, seconded by Phil Hart, motion carried unanimously.

John Hawkins from the County Fair Association asked the Commission to meet with them prior to the fair to discuss projects that need completed before the fair. A meeting will be scheduled.

Duane Bennett, fairgrounds employee, expressed appreciation toward Harold Essig for raising the flag at the fairgrounds.

The Commission unanimously approved the registration for Coordinator Foley to attend a seminar presented by Steptoe and Johnson Labor Institute July 10, 11 and 12, 2003.

Motion by Tim McDaniel to donate \$100.00 to Special Olympics, seconded by Steve Sinsel, motion carried

OATH OF OFFICE

STATE OF WEST VIRGINIA,

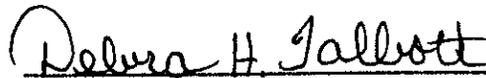
COUNTY OF BARBOUR, to-wit:

I, **Donald Cleavenger**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully discharge my duties as a member of the **CENTURY-VOLGA** Public Service District, to the best of my skill and judgment, so help me God.



Signature of Affiant

Subscribed and sworn to before me this 14th day of February, 2001.



Clerk

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF BARBOUR, to-wit:

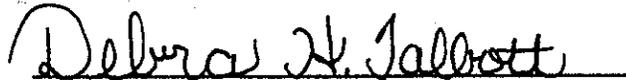
I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as a member of the CENTURY - VOLGA PUBLIC SERVICE DISTRICT to the best of my skill and judgment: SO HELP ME GOD.



Vernon Woods

Subscribed and sworn to before me, in said County and State, this

5th day of May, 2003.



Debra H. Talbott, Clerk
Barbour County Commission

Oath of Office and Certificate

STATE OF WEST VIRGINIA
Barbour County, to-wit:

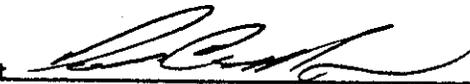
I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of _____

**** BOARD MEMBER OF THE CENTURY-VOLGA PUBLIC SERVICE DISTRICT ****

Appointed March 1, 1999 by the Barbour County Commission - 6 year term

to the best of my skill and judgment: SO HELP ME GOD.

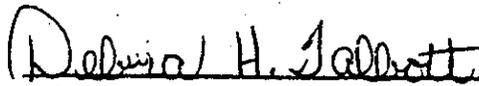
Signature of Affiant



Paul W. Calhoun

Subscribed and sworn to before me, in said County and State, this 3rd

day of March, 1999



Debra H. Talbott
Clerk, Barbour County Commission

RULES OF PROCEDURE
CENTURY-VOLGA PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: CENTURY-VOLGA PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at
STATE RT. 119 SOUTH Volga, Barbour County, West Virginia.
P.O. BOX 207

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Century-Volga Public Service District, and in the center "seal" as follows:



Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Barbour County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 2ND MONDAY of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Barbour County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Barbour County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

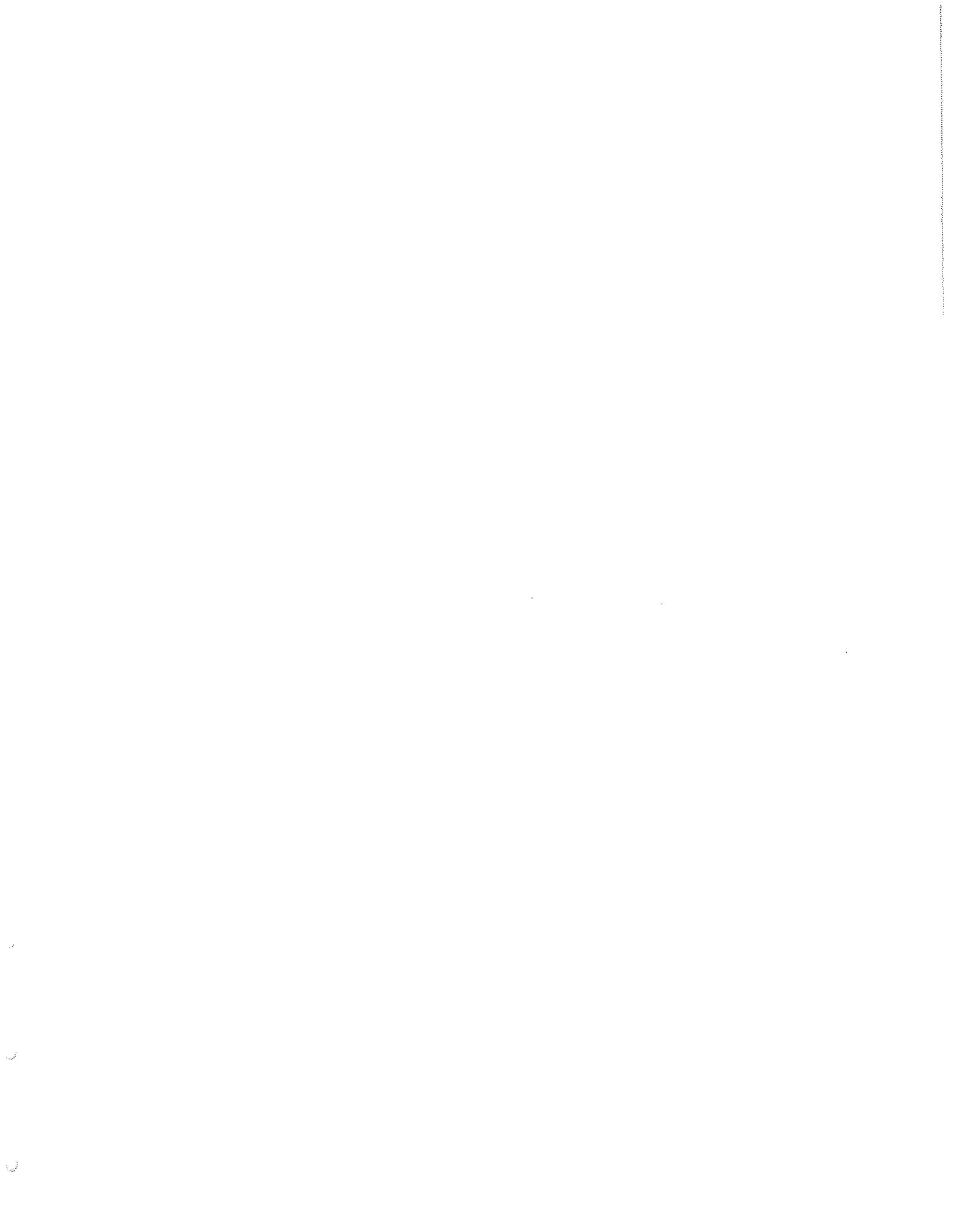
AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 11th day of June, 2003.

06/10/03
138930.00001



NOTICE OF PRE-FILING

STATE OF WEST VIRGINIA
PUBLIC SERVICE COMMISSION
CHARLESTON

NOTICE OF PRE-FILING

OFFICE OF THE BARBOUR DEMOCRAT

ROBERT A. BYRNE, Editor of the BARBOUR DEMOCRAT, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do hereby certify that the annexed:

LEGAL NOTICE

was duly printed in said paper two successive weeks commencing on Wednesday, the 11th day of September, 2002.

and was done under my hand at Philippi, West Virginia, this 11th day of September, 2002.

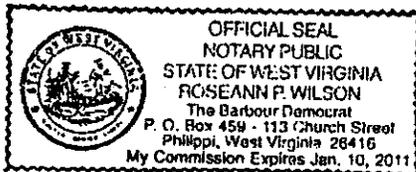
Robert A. Byrne, Editor

Notary's Fee\$147.53

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:
I have sworn to and subscribed before me this 11th day of September 2002

Roseann P. Wilson
NOTARY PUBLIC

My Commission Expires January 10, 2011



NOTICE IS HEREBY GIVEN THAT CENTURY VOLGA PUBLIC SERVICE DISTRICT, a public utility, has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of a potable water distribution system extension to service approximately 110 customers in the Carrollton and Talbot areas of Barbour County, West Virginia.

The project will consist of approximately 79,000 feet of 6", 4", and 2" waterlines with the costs of the project not to exceed \$1,001,000.00.

The District intends to finance the project by the following means:

The issuing of revenue bonds through the U.S. Department of Agriculture, Rural Development, Rural Utilities Service (RUS), in an amount not to exceed \$377,000.00, with the remaining funding for the project to be provided through grants from RUS in an amount not to exceed \$965,000.00 and from the Appalachian Regional Commission (ARC) in an amount not to exceed \$339,000.00.

The proposed project-related rates for the project are not to exceed the following:
Available for general domestic (residential), commercial and industrial service.

First 3,000 gallons	\$7.44 per 1000 gallons
Next 3,000 gallons	\$7.02 per 1000 gallons
Next 4,000 gallons	\$8.80 per 1000 gallons
Next 10,000 gallons	\$8.18 per 1000 gallons
Over 20,000 gallons	\$5.77 per 1000 gallons

These rates represent the following increases:

	(\$) Increase	(%) Increase
First 3,000 gallons	\$0.68/1000 gal	10.1%
Next 3,000 gallons	\$0.64/1000 gal	10.0%
Next 4,000 gallons	\$0.80/1000 gal	10.0%
Next 10,000 gallons	\$0.58/1000 gal	10.0%
Over 20,000 gallons	\$0.51/1000 gal	9.7%

The District has no resale customers.

The proposed increased rates and charges, including the proposed extension, will produce approximately \$51,472.00 annually in additional revenue, an increase of 23.2%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Proposed connection charges are as follows:

Prior to start of construction	\$100.00
After start of construction	\$300.00

This represents no increase over current connection charges.

Proposed Customer Security Deposit is \$50.00, which is not a new charge.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

CENTURY VOLGA PUBLIC SERVICE DISTRICT, a public utility in Barbour County.

DONALD CLEAVENGER
CHAIRMAN

NOTICE OF FILING

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 21st day of November, 2002.

CASE NO. 02-1845-PWD-CN

CENTURY-VOLGA PUBLIC SERVICE DISTRICT
PO Box 207
Volga, WV 26238-0207

Application for a Certificate of Convenience and Necessity to construct approximately 78,000 LF of 6", 4", and 2" waterlines and two pressure reducing stations to serve approximately 138 potential customers.

OFFICE OF THE BARBOUR DEMOCRAT

I, ROBERT A. BYRNE, Editor of the BARBOUR DEMOCRAT, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed:

LEGAL NOTICE

was duly printed in said paper one week commencing on Wednesday, the 04th day of December, 2002.

Given under my hand at Philippi, West Virginia, this 04th day of December, 2002.

Robert A. Byrne, Editor

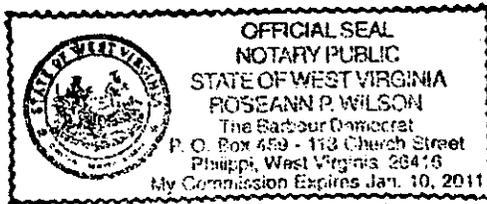
Printer's Fee \$73.82

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:

Sworn to and subscribed before me this 04th day of December, 2002

Roseann P. Wilson
NOTARY PUBLIC

My Commission Expires January 10, 2011



NOTICE OF FILING

WHEREAS, on November 21, 2002, the Century-Volga Public Service District, a public utility, filed an application, duly verified, for a Certificate to construct certain additions and improvements to the District's system in Barbour County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the District estimates that construction will cost approximately \$1,901,000.00. It is proposed that the construction will be financed as follows: USDA Rural Utilities Service Loan in the amount of \$377,000.00; USDA Rural Utilities Service Grant in the amount of \$985,000.00; Appalachian Regional Commission Grant in the amount of \$539,000.00.

WHEREAS, the utility anticipates charging the following water rates for its customers:

First 3,000 gals	@ \$7.44 per 1000 gallons
Next 3,000 gals	@ \$7.02 per 1000 gallons
Next 4,000 gals	@ \$6.80 per 1000 gallons
Next 10,000 gals	@ \$6.18 per 1000 gallons
Over 20,000 gals	@ \$5.77 per 1000 gallons

MINIMUM MONTHLY BILL for 3,000 gallons - \$22.32 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the date of the latest pay date, ten percent (10%) will be added to the net current amount unpaid this delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

Prior to construction - \$100.00
After construction passes the premises to be served, charge for connection to system - \$300.00

These rates represent the following project-related increases:

	(\$) INCREASE	(%) INCREASE
First 3,000 gals	\$0.16 per 1000 gallons	2.20
Next 3,000 gals	\$0.12 per 1000 gallons	1.74
Next 4,000 gals	\$0.08 per 1000 gallons	1.23
Next 10,000 gals	\$0.04 per 1000 gallons	0.65
Over 20,000 gals	\$0.00 per 1000 gallons	0.00

The District has no resale customers.

The proposed increased rates and charges will produce approximately \$57,538.00 annually in additional revenue, an increase of 25.8%.

The increases shown are based on average of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to 24-2-11, West Virginia Code, IT IS ORDERED that the Century-Volga Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Barbour County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squire
Executive Secretary
23-1x

NOTICE OF PUBLIC HEARING OF THE
PUBLIC SERVICE BOARD OF
CENTURY-VOLGA PUBLIC SERVICE
DISTRICT TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the Century-Volga Public Service District (the "PSD") will be held to consider and adopt the following entitled Resolution, and to take such other action as necessary in relation thereto, on Wednesday, June 11, 2003, at 9:30 a.m., prevailing time, at the District's offices at St. Rt. 119 South, Volga, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$377,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the District.

At the Special Meeting the Board intends to adopt the resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: May 28, 2003.
/s/ Vernon O. Woods
Secretary

OFFICE OF THE BARBOUR DEMOCRAT

I, ROBERT A. BYRNE, Editor of the BARBOUR DEMOCRAT, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed:

LEGAL NOTICE

was duly printed in said paper one week commencing on Wednesday, the 28th day of May, 2003.

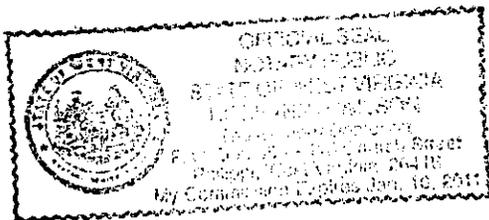
Given under my hand at Philippi, West Virginia, this 28th day of May, 2003.

Robert A. Byrne, Editor

Printer's Fee\$36.02

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:
Sworn to and subscribed before me this 28th day of May, 2003

Roseann P. Wilson
NOTARY PUBLIC
My Commission Expires January 10, 2011



**CENTURY VOLGA PUBLIC SERVICE DISTRICT
MINUTES OF
REGULAR BOARD MEETING**

JANUARY 13, 2003

MEETING CALLED TO ORDER 6:00 P.M.

THOSE IN ATTENDANCE: Donald Cleavenger, Chairman; Vernon O. Woods, Secretary; Paul W. Calhoun, Treasurer; Linda S. Procell, General Manager; William Knight, Sr.; Walt Zinn of Chestnut Ridge P.S.D.; Jay Hollen, Jeff Harvey and Mark A. Cvechko of R.D. Zande & Associates.

READING OF THE MINUTES of the December 9, 2002 Monthly Board Meeting. **MOTION RAISED** by Paul Calhoun to adopt minutes as read. Seconded by Vernon Woods. Motion unanimously carried.

TREASURER'S REPORT given by Paul Calhoun. **MOTION RAISED** by Vernon Woods to adopt as submitted. Seconded by Don Cleavenger. Motion unanimously carried.

BILLS/EXPENSES SUBMITTED by General Manager. **MOTION RAISED** by Paul Calhoun to approve as submitted. Seconded by Vernon Woods. Motion unanimously carried.

RE-ELECTION OF OFFICERS

MOTION RAISED by Donald Cleavenger to re-elect all directors to their previously held positions, i.e. Donald Cleavenger, Chairman, Vernon O. Woods, Secretary, and Paul W. Calhoun, Treasurer. Seconded by Vernon Woods. Motion unanimously carried.

Chairman invited all attendees to remain for the entire board meeting. However, in deference to time, asked and were thanked by R. D. Zande & Associates and Mr. Walt Zinn for allowing them to make their presentations prior to moving to unfinished business of the board.

R. D. ZANDE & ASSOCIATES

Mark Cvecko, Jeff Harvey, Jay Hollen introduced themselves and their firm to the board of directors. R.D. Zande, an engineering firm since 1968, with a Buckhannon office since 1999, expressed an interest in being included in the list of qualified firms considered for design and project management of the proposed Brushy Fork Extension. Jay Hollen stated they were on the AML approved bidder's list, and further expressed an interest in working with the P.S.D. on any project requiring engineering, funding or construction assistance.

CHESTNUT RIDGE P.S.D. ON WATER WORKS TAKEOVERS

Mr. Walt Zinn of Chestnut Ridge P.S.D. addressed the board regarding his concern over the recent takeovers of WVAWWA-owned water utilities by the Thames Water Company of London, a German subsidiary. Mr. Zinn expressed his desire to maintain the current status of the county's Public Service Districts. However, he believes the City of Philippi, provider of our source water, needs much work to alleviate it from a takeover, target status. When asked what he proposed, Mr. Zinn presented a fact sheet to the board and general manager. Linda Procell pointed out that on every occasion possible, the board of directors has supported, both verbally and in writing, the City of Philippi's efforts to obtain grant funding to upgrade its facilities. The CVPSD board has also taken a positive stance to render its assistance to the City whenever requested under the premise that the success of our source provider will only make the district's product better. Mr. Zinn requested the board members to consider addressing the city about resolving its problems.

UNFINISHED BUSINESS

PROPOSED TALBOTT/CARROLLTON ROADS EXTENSION

District received the PSC Final Internal Memo. Items pending which the engineer and manager are currently working include electronic filing of plans and certification from the City of Philippi regarding the district's consumption and Philippi's capacity to serve.

Manager met with Trey Hornor on 1-9-03 to review our Letter of Conditions. Manager will attempt to have 27 right-of-way agreements signed by January 23rd. **MEETING SCHEDULED JANUARY 23, 2003 @ 2:00 p.m.** with USDA/RUS, Joe Crickenberger, Hornor Brothers and board to review all outstanding items necessary to bid project.

Board members were provided a copy of the memorandum from Trey Hornor to Vince Collins of Steptoe & Johnson, bond counsel, wherein the following project schedule is proposed: Feb 1 - Give RUS all documents for review to advertise for bids; Feb. 28 - Request permission to advertise; March 31 - Receive bids; May 31 - Loan closing, award contracts.

BRUSHY FORK EXTENSION

No report. Small Cities Block Grant announcements still pending.

ROGER MAIN/DEERBROOK SUBDIVISION ALTERNATE MAIN LINE EXTENSION

Final Order from the Public Service Commission was received December 19, 2002 to proceed with work. Project to begin pending weather. Manager discussed with Mr. Main and his inspector burying line four feet as required by DOH rather than three feet as specified. District will install taps.

MAINTENANCE & REPAIRS

Frank Calvert meter was raised and repaired on December 13th. Barbour County Pipeline performed hoe work.

Barbour County Pipeline fee to install Guire and Bartley bores and taps was \$1,816.00. No charge for repairing burst meter on Overfield Road.

S-10 required repairs. John Corley replaced fuel injectors, valve pan and four-wheel drive (cable burned on exhaust). Parts, including starter, were purchased from Advance Auto. Starter was installed and battery replaced by B & B Tire for \$185.95.

Copies of Performance Engineering bills from August through current for repair work on both state vehicles were provided to board members.

NEW BUSINESS

Board reviewed the **Standard Operating Procedures for 2003** which were modified to reflect one week of vacation to full-time maintenance after one year of service, and the closing of the office for Veteran's Day. **MOTION RAISED** by Vernon O Woods to adopt the 2003 Standard Operating Procedures with changes. Seconded by Paul Calhoun. Motion unanimously carried.

MOTION RAISED by Paul Calhoun to move \$9,200 from account 9995 to account 6154 on 12-16-02 to pay USDA and Philippi. Seconded by Vernon Woods. Motion unanimously carried. Additional funds temporarily needed to cover excessive breaks, vandalism, operation supplies and labor for taps, and delinquencies due to the holidays.

NEW TAPS APPLICATIONS/ADDITIONS/MAINTENANCE

Brian Talbott and Robert Plum meters set on Talbott Road near Chestnut Flats and Audra Road. Barbour County Pipeline performed hoe work.

Timer is working sporadically at PR Station No. 1 at Rt. 57. On 12-27-02, Manager contacted Goldizen, Thornburg and Hughes to replace as this is a warranty item. This item is still pending after numerous calls. Board requested manager to price a new timer for future reference.

2" meter which measures resold water to Philippi found defective in December. City of Philippi notified. On January 6th, Buddy Shreve with the City of Philippi said it was our responsibility to replace although plans indicate "furnished and installed by City". Meter was replaced today, January 13, 2003. Cost of meter from Hughes Supply: \$326.00 (Thornburg's price: \$645.00).

OTHER

Enrolled John Corley in "Class I Drinking Water Certification" Class to be held at Cedar Lakes in Ripley February 10-14, 2003. Environmental Training registration, lodging and meals \$417.00. Will enroll Neil Foley in April 14-18, 2003 session.

MOTION RAISED by Donald Cleavenger to move to Executive Session @ 8:00 P.M. for annual employee performance reviews and recommendations. Motion unanimously carried.

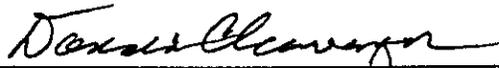
MOTION RAISED by Donald Cleavenger to reconvene regular meeting at 8:20. P.M. **MOTION RAISED** by Vernon Woods to increase the salary of the General Manager. Seconded by Donald Cleavenger. Motion unanimously carried.

The next Monthly Board Meeting is scheduled for Monday, FEBRUARY 10, 2003 at 6:00 P.M.

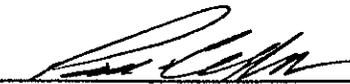
THERE BEING NO FURTHER BUSINESS, **MOTION RAISED** by Donald Cleavenger to adjourn the meeting at 8:25 P.M. Seconded by Paul Calhoun. Motion unanimously carried.

These minutes prepared by Linda S. Procell as recording secretary.

READ AND APPROVED BY:


Donald Cleavenger, Chairman Date: 2-10-03


Vernon O. Woods, Secretary Date: 2-10-03


Paul W. Calhoun, Treasurer Date: 2-10-03

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

MINUTES ON ADOPTION OF RULES OF PROCEDURE
AND BOND RESOLUTION

The undersigned Secretary of the Public Service Board of Century-Volga Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Century-Volga Public Service District met in special session, pursuant to notice duly given, on the 11th day of June, 2003, at Volga, West Virginia, at the hour of 9:30 a.m.

PRESENT:	Donald Cleavenger	-	Chairman and Member
	Vernon O. Woods	-	Secretary and Member
	Paul W. Calhoun	-	Treasurer and Member

ABSENT: None.

Donald Cleavenger, Chairman, presided, and Vernon O. Woods acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

Then, the Chairman then presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF CENTURY-VOLGA PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$377,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

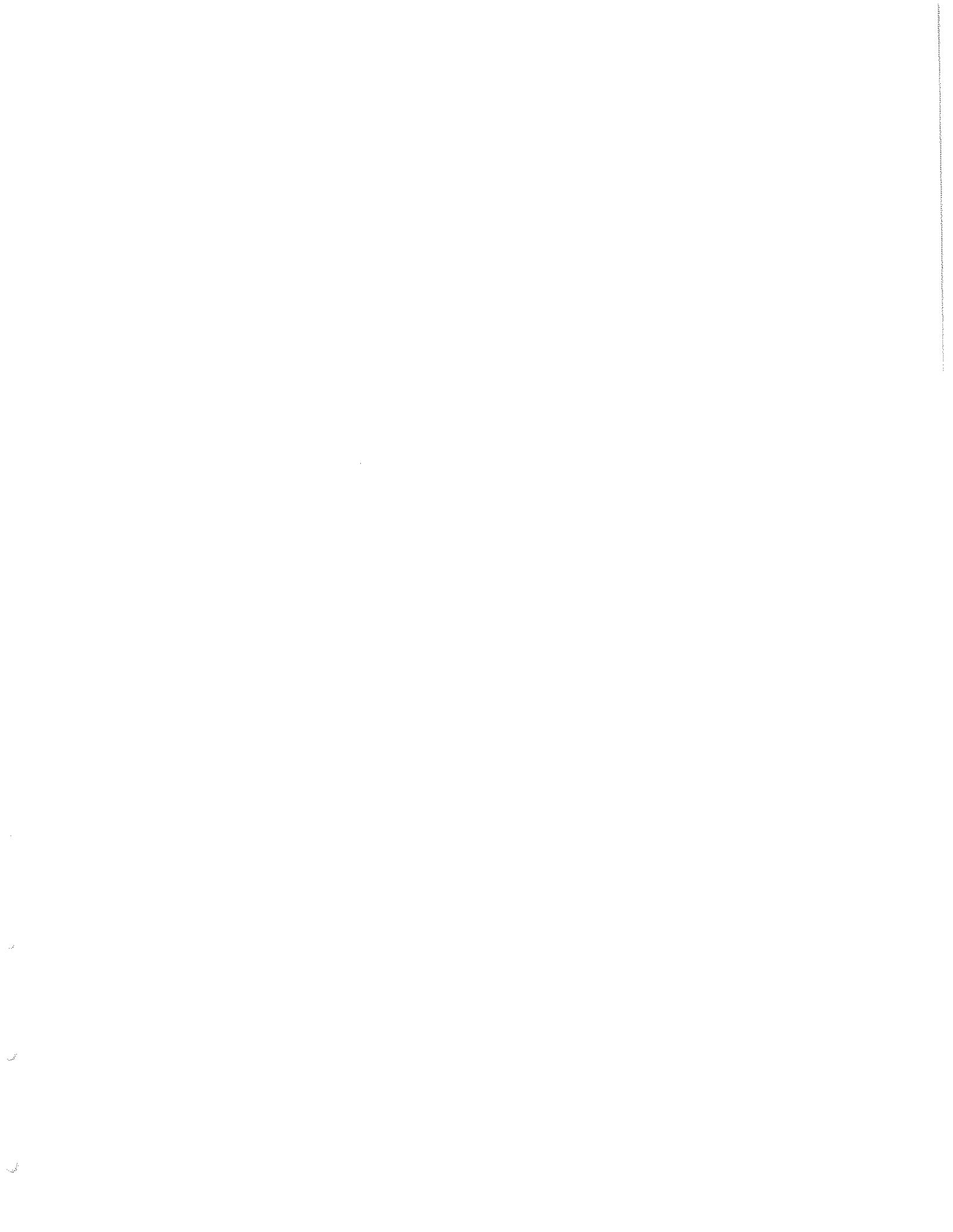
CERTIFICATE

I further hereby certify that the foregoing action of said Public Service Board of Century-Volga Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 13th day of June, 2003.


Secretary

06/03/03
138930.00001



WV MUNICIPAL BOND COMMISSION
 8 Capitol Street
 Suite 500, Terminal Building
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 13, 2003

ISSUE: Century-Volga Public Service District Water Revenue Bonds, Series 2003 A (United States Department of Agriculture)

ADDRESS: P.O. Box 207, Volga, West Virginia 26238 COUNTY: Barbour

PURPOSE OF ISSUE: New Money: X
 Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 13, 2003 CLOSING DATE: June 13, 2003

ISSUE AMOUNT: \$377,000 RATE: 4.50%

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: Issuer

BOND COUNSEL: Step toe & Johnson PLLC
 Contact Person: John C. Stump, Esquire
 Phone: (304) 353-8196

UNDERWRITERS COUNSEL: _____
 Contact Person: _____
 Phone: _____

CLOSING BANK: _____
 Contact Person: _____
 Phone: _____

ESCROW TRUSTEE: _____
 Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: Ms. Linda Procell
 Position: General Manager
 Phone: (304) 457-5735

OTHER: United States Department of Agriculture
 Contact Person: Mrs. Rosemary Christian
 Function: Rural Development Specialist
 Phone: _____

DEPOSITS TO MBC AT CLOSE: _____
 By: _____ Wire _____
 _____ Check _____

Accrued Interest: \$ _____
 Capitalized Interest: \$ _____
 Reserve Account: \$ _____
 Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire _____
 _____ Check _____
 _____ IGT _____

_____ To Escrow Trustee: \$ _____
 _____ To Issuer \$ _____
 _____ To Cons. Invest. Fund \$ _____
 _____ To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will hold the Series 2003 A Bonds Reserve Account. Payments to the Series 2003 A Bonds Reserve Account will commence within 24 months of closing date.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
 DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

06/06/03
138930.00001





United States
Department of
Agriculture

Rural
Development

Donna Counsel
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

June 27, 2001

Ronald Cleaver
Walter S. Wagner, Chairman
Century-Volga Public Service District
P.O. Box 207
Volga, WV 26238-0207

COPY

Dear Mr. Wagner:

This letter, with Attachments 1 through 15 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

✓ The docket may be completed on the basis of an RUS loan in the amount of \$573,000, and an RUS grant in the amount of \$789,000, and other funding in the amount of \$539,000, for a total project cost of \$1,901,000. The other funding is planned in the form of a grant from the Appalachian Regional Commission.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for Century-Volga PSD (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)

- Attachment No. 6 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
 Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14)
 (Engineer Copy)
 Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant
 Copy)
 Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and
 Compliance Supplement"
 Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance
 Supplement for OMB Circular A-133 Audits"
 Attachment No. 11 - Century-Volga PSD Water Users Agreement
 (Applicant and Attorney Copies)
 Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
 Attachment No. 13 - Labor Standards Provisions (Engineer Copy)
 Attachment No. 14 - Sample Credit Agreement (Applicant Copy)
 Attachment No. 15 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 12 months will consist of interest only. Payments for the remaining 468 months will be equal amortized monthly installments. For planning purposes use a 4.5% interest rate and a monthly amortization factor of 0.00459, which provides for a monthly payment of \$2,631.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the PSD's prior bond issues, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 915 bona fide on the proposed system when it has been completed and is placed in operation. This evidence will consist of 110 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of \$100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Engineering Services – The PSD has entered into an Agreement for Engineering Services, Form RD 1942-19. This Agreement has been reviewed and approved by previous correspondence.
6. Legal Services – The PSD's Legal Services Agreement has been reviewed and approved by previous correspondence.
7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and

the appropriate legal ownership thereof.

- b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Environmental Protection
 - Public Land Corporation
10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:
- a. A Certificate of Convenience and Necessity.
 - b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:
- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
 - b. Workers' Compensation - In accordance with appropriate State laws.
 - c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).
 - d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
 - e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment

plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

- (1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9, or other agreement approved by RUS. One copy of this item is attached hereto (Attachment No. 6).
- (2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.
- (3) "Labor Standards Provisions" - Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 13). Additional copies must be reproduced by the engineer.

b. The contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment

No. 14).

14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
15. Water Purchase Contract -- You currently purchase treated water from the City of Philippi. The water purchase contract you currently have with the City appears adequate to provide potable water to the proposed service area.
16. Other Grants: Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.
17. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
 - Form RD 442-7 - "Operating Budget"
 - Form RD 1940-1 - "Request for Obligation of Funds"
 - RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 - RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 - Form RD 400-1 - "Equal Opportunity Agreement"
 - Form RD 400-4 - "Assurance Agreement"
 - Form AD 1047 - "Certification Regarding Debarment - Primary"
 - Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 - Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 - FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 - Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
 - Certification of Compliance
 - Form RD 1942-46, "Letter of Intent to Meet Conditions"
18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

19. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,


JENNY N. PHILLIPS
State Director

Attachments

cc: (See attached)

cc:

Rural Development Specialist
Elkins, WV

Hornor Brothers Engineers
P. O. Box 386
Clarksburg, WV 26302-0386

Harris & Company, C.P.A.s
P. O. Box 732
Buckhannon, WV 26201

Bond Counsel

Attorney

UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Water and Waste Processing Checklist

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		Have	3
	Regional Planning & Development Council Review	2	1780.33(b)	Applicant			3
	State Clearinghouse Review or IJDC Review	2	1780.33(b)	Applicant			4
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		Have	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		Have	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		Have	5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			3
	Statement from Historical Preservation Office	2	1794	Applicant		Have	3
	Comments from Dept. of Commerce, Labor & Environ. Resources (DEP)	2	1794	Applicant		Have	3
	Comments from U.S. Fish and Wildlife Service (Endangered Species)	2	1794	Applicant		Have	3
AD-1006	Farmland Conversion Impact Rating	1	1794	RUS/NRCS		Have	3
	FEMA Stand- ard Flood Hazard Deter- mination	2	426.2	RUS		Have	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Civil Rights Impact Analysis Certification	2	2006-P	RUS/ Engineer		Have	3
	Environmental Report	2	1794	Applicant		Have	3
	Environmental Assessment	2	1794	RUS/ Engineer		Have	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have	6
	Staff Engineer PER Review	1	1780.33©	RUS		Have	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		Have	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		Have	8
	Statement reporting the <u>total</u> number of <u>potential</u> users		1780.33(c)	Applicant/ Engineer		Have	8
	Copy of Existing Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	3
Automated Form	Grant Determination	3	1780.35(b)	RUS		Have	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
RD 1942-45	Project Summary	3	1780.41(a)	RUS		Have	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant			3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		Have	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collect- ion Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS		Have	5
	Accountant's Certification	1	LOC	Applicant/ Accountant			6
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

Attachment No. 1 to Letter of Conditions
 For: Century-Volga Public Service District
 Date: June 27, 2001

Project Construction Budget

<u>Project Cost</u>	<u>RUS Loan</u>	<u>RUS Grant</u>	<u>ARC Grant</u>	<u>Total</u>
Construction	404,300	\$ 619,500	423,200	\$ 1,447,000
Construction Contingency	32,400	49,700	33,900	116,000
Land and Rights	1,700	2,600	1,700	6,000
Legal Fees	3,100	4,700	3,200	11,000
Engineering Fees	61,900	94,800	64,800	221,500
Basic - \$122,000				
Inspection - \$92,000				
Special - \$7,500				
Bond Counsel	2,800	4,300	2,900	10,000
Interest	58,000			58,000
Project Contingency	8,100	12,300	8,600	29,000
Accounting	700	1,100	700	2,500
TOTALS	<u>\$573,000</u>	<u>\$789,000</u>	<u>\$539,000</u>	<u>\$1,901,000</u>

Rates

Available for general domestic, commercial and industrial service.

- First 3,000 gals. @ 7.44 per M gals.
- Next 3,000 gals. @ 7.02 per M gals.
- Next 4,000 gals. @ 6.60 per M gals.
- Next 10,000 gals. @ 6.18 per M gals.
- Over 20,000 gals. @ 5.77 per M gals.

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

- 5/8" x 3/4" meter - \$22.32 per month
- 3/4" meter - \$33.48 per month
- 1" meter - \$55.80 per month
- 1 1/2" meter - \$111.60 per month
- 2" meter - \$178.56 per month
- 3" meter - \$334.80 per month
- 4" meter - \$558.00 per month
- 6" meter - \$1,116.00 per month

Minimum Monthly Bill \$22.32 for 3,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$300.00 for connection to the system.

Reconnection Charge

\$20.00

Use and Income Analysis

(See attached use and income analysis sheets)

(Automated 8-97)

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Century-Volga Public Service District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

water system

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Century-Volga Public Service District*(Public Body)*

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

\$377,000 (Three Hundred Seventy-Seven Thousand Dollars)pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture,

(herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 377,000

under the terms offered by the Government; that the Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

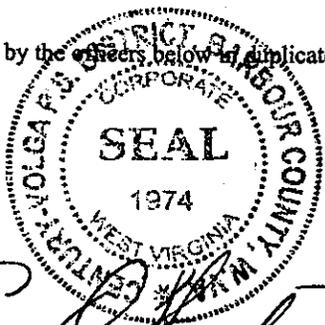
The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Century-Volga Public Service District has duly adopted this resolution and caused it

to be executed by the officers below to duplicate on this 11TH, NOVEMBER day of 2002



Century-Volga Public Service District

By Donald Cleavenger
 Title Chairman

(SEAL)
 Attest: [Signature]
 Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

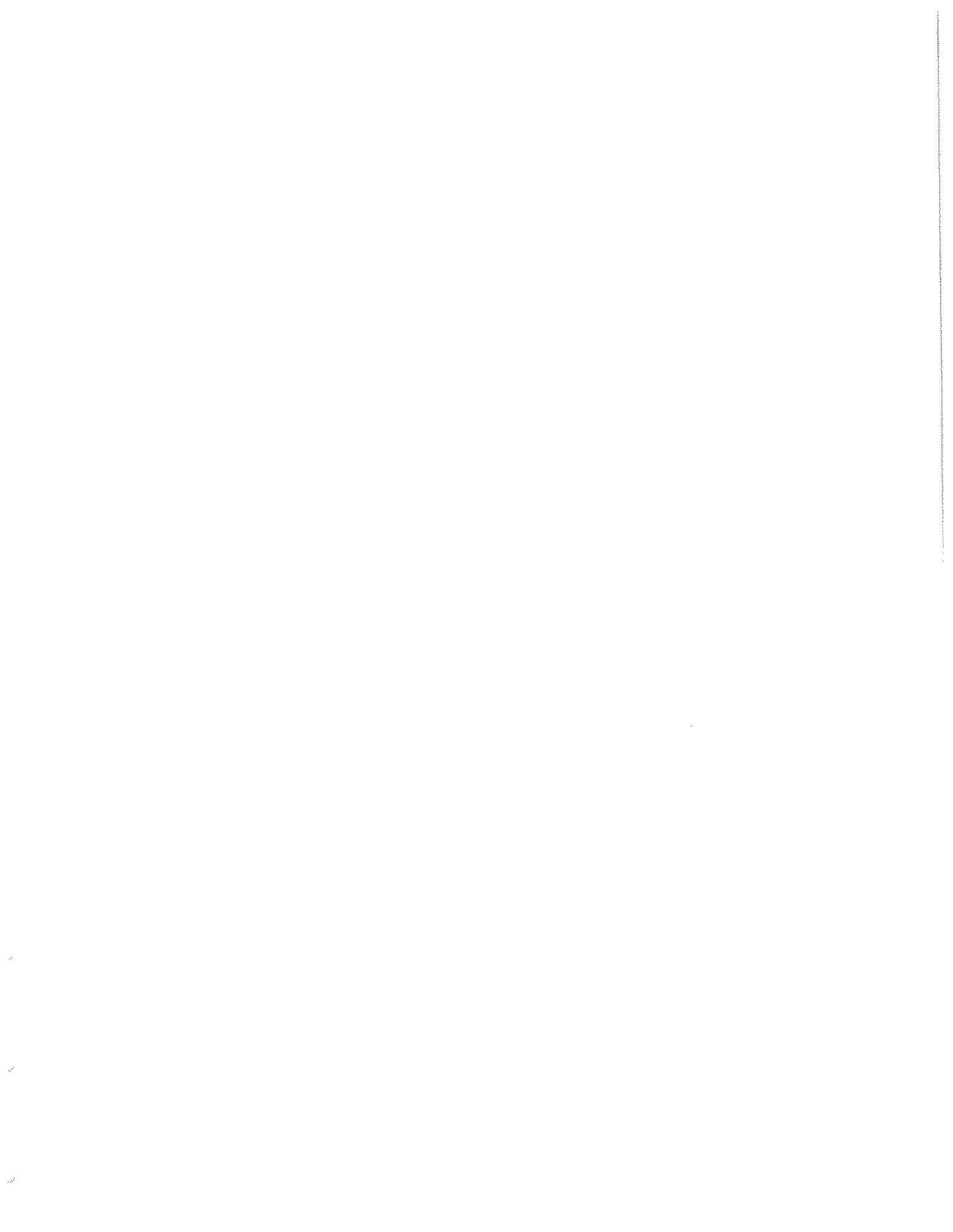
I, the undersigned, as Chairman of the Century-Volga Public Service District
 hereby certify that the Board of Directors of such Association is composed of
3 members, of whom, 2 constituting a quorum, were present at a meeting thereof duly called and
 held on the 11th day of November 2002; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of June 13th 2003,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this 11th day of June 2003

Donald Cleaver

Title Chairman





June 3, 2002

Mr. Donald Cleavenger
Chairman
Century-Volga Public Service District
Post Office Box 207
Volga, West Virginia 26238

Dear Mr. Cleavenger:

Congratulations on the approval of an Appalachian Regional Commission (ARC) grant of \$539,000 for the Talbott and Carrollton Roads Waterline Extension project for the Century-Volga Public Service District. A copy of the approval letter and official ARC project description are enclosed. Please note USDA Rural Utilities Services is responsible for the management of the ARC grant. You must wait for their approval prior to initiating this project. Please keep this information with your project files.

Should there be a need for any changes in the scope of the project or project funding, a request should be made to the West Virginia Development Office.

Please be aware that ARC funds are considered to be the last source of funding committed to a project. Should there be a cost underrun, the funds not used are considered ARC funds and would be returned to the Commission.

If you should have any questions, please feel free to contact me at 304-558-2001.

Sincerely,

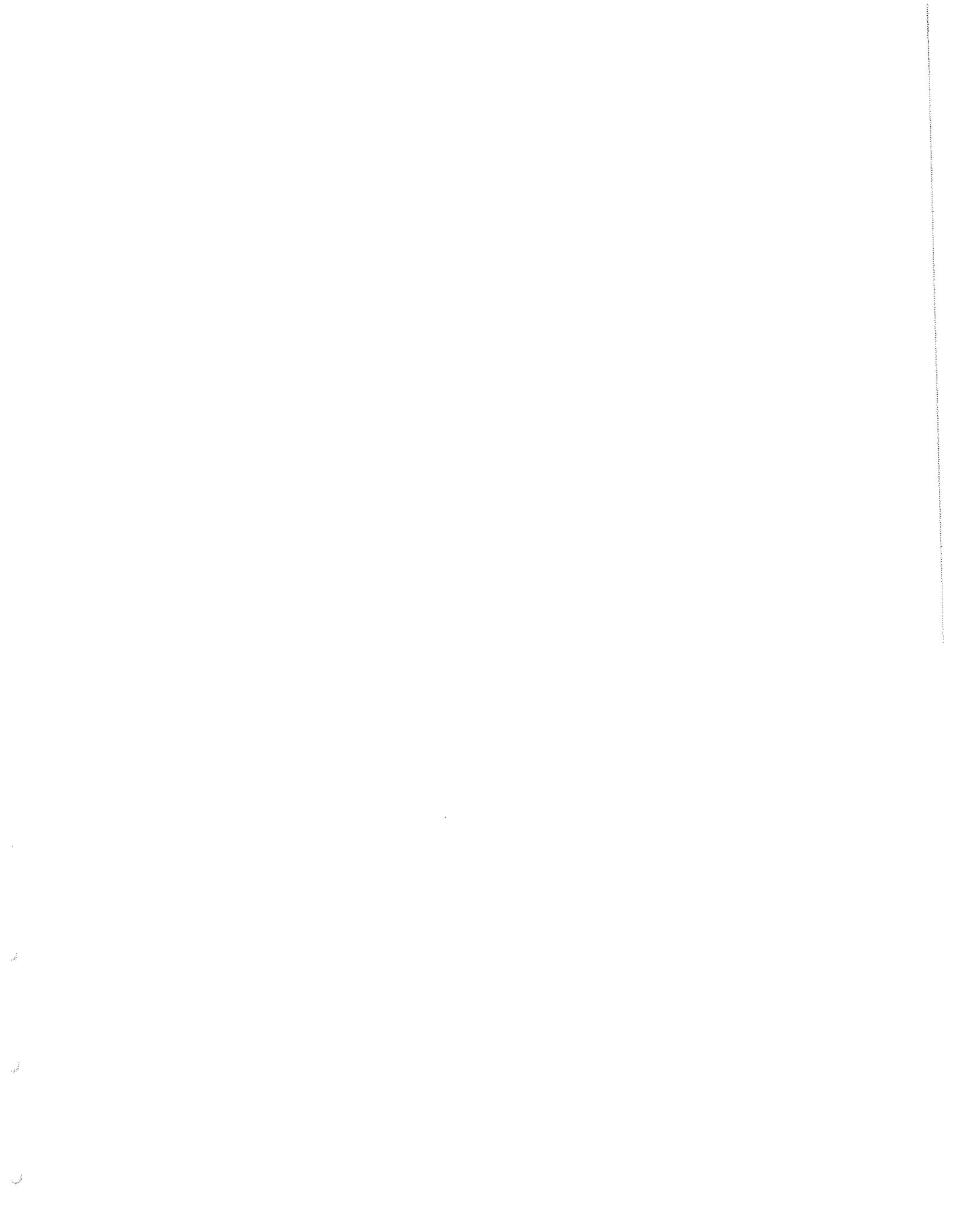


Tom Saunders
ARC Representative

TJS:th

Enclosure

cc: Region VII
Jenny Phillips, USDA-RD
Trey Horner, Horner Brothers Engineers
Randy Plum, USDA/RUS



WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 6th day of December
19 83, between the City of Philippi
Philippi, West Virginia
(Address)

hereinafter referred to as the "Seller" and the Century-Volga Public Service District
Barbour County, West Virginia
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 16, Art. 13-A of the
Code of West Virginia, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by motion No. _____ enacted on the _____ day
of _____, 19 _____, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said motion was approved, and the execution of this contract

carrying out the said motion by the Mayor
and attested by the ~~Secretary~~ City Clerk, was duly authorized, and

Whereas, by resolution of the Board of Directors
of the Purchaser, enacted on the 6th day of December, 19 83

the purchase of water from the Seller in accordance with the terms set forth in the said resolution
was approved, and the execution of this contract by the Chairman, an
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the _____
State of West Virginia - Board of Health and the United States of America
as promulgated by the Environmental Protection Agency.
in such quantity as may be required by the Purchaser not to exceed 9 million gallons per month.

2. (Point of Delivery a. Pressure) That water will be furnished at a reasonably constant pressure calculated one hundred twenty-five at (125) psi from an existing six (6) inch main supply at a point located near Wellington Heights on U. S. Route 119

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the six (6) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on 25th. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 5th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 2.28 for the first 2,000 gallons, which amount shall also be the minimum rate per month.
- b. \$ 1.75 cents per 1000 gallons for water in excess of 2,000 gallons but less than 5,000 gallons.
- c. \$ 1.05 cents per 1000 gallons for water in excess of 5,000 gallons.
- d. \$ 0.74 cents per 1,000 gallons over 25,000 gallons.

The minimum charge will be in accordance with the seller's rates for the size meter installed.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of \$60,000.00 dollars which shall cover any and all costs of the Seller for installation of the metering equipment and a 200 GPM booster station with connecting 6" line. *\$60,000.00 based upon estimate of costs. Actual amount of connection fee to be determined at time of construction by City of Philippi not to exceed above

the District before final payment is approved and made

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of forty years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That ten days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

~~3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system. The Purchaser during construction, the spectra of which the metering equipment has been installed at that time, at a cost charge of \$XXXXXX which will be paid by the contractor or, on his failure to pay, by the Purchaser.~~

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the District shall not be increased for a period of 33 months beginning at the time of initial consumption by the District. After the 33 month period of time the schedule of rates to be paid by the Purchaser for water delivered are subject to modification

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

*at any time by an order of the Public Service Commission of West Virginia, and in the event said agency shall not regulate the rates to be charged by the Seller then said rates shall be subject to modification at the end of every one year period and any increase or decrease in rates shall be based on a demonstrable increase or decrease in the operating costs of the Seller's system,

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

Seller:

TOWN OF PHILIPPI

By Donald B. Brughman

Title Mayor

Attest:

Joseph P. Matteliano
Secretary

Joseph P. Matteliano

Purchaser:

Century-Volga Public Service District

By Miles C. Ford, Ch
Miles C. Ford

Title Chairman

Attest:

Ethel J. Jones
Secretary/Treas.

This contract is approved on behalf of the Farmers Home Administration this 3RD day of JANUARY.

19 84.

By David E. Satterfield
Title ENGINEER

SETTLEMENT AGREEMENT

THIS AGREEMENT, made and entered into in triplicate this 16th day of May, 1991, by and between Century-Volga Public Service District ("Century-Volga") and the City of Philippi (the "City").

WITNESSETH:

WHEREAS, Century-Volga is a public service district organized and existing pursuant to the laws of the State of West Virginia;

WHEREAS, the City is a municipal corporation organized and existing pursuant to the laws of the State of West Virginia that provides water to Century-Volga pursuant to a December 6, 1983, Water Purchase Contract;

WHEREAS, Century-Volga filed with the Public Service Commission of West Virginia ("Commission") an informal protest on September 5, 1989, and a claim on March 14, 1990, against the City for alleged overcharges in connection with the City's provision of water to Century-Volga, which protest and claim are more specifically identified as Case No. 89-605-PWD-W-C;

WHEREAS, the City filed with the Commission in Case No. 89-605-PWD-W-C a counterclaim against Century-Volga on November 3, 1989, for alleged undercharges in connection with the City's provision of water to Century-Volga; and

WHEREAS, Century-Volga and the City held a settlement conference on Monday, April 22, 1991, in Philippi, West Virginia, and reached the agreement set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms, and conditions to be kept and performed, the parties hereto do hereby agree as follows:

1. Dismissal With Prejudice of Informal Protest and Claim. Century-Volga does hereby agree to dismiss with prejudice its informal protest and claim against the City filed with the Commission on September 5, 1989, and March 14, 1990, respectively, which informal protest and claim are more specifically identified as Case No. 89-605-PWD-W-C provided, however, that Century-Volga reserves the right to pursue its claim against the City for alleged overcharges informally before an arbitrator located in Philippi, West Virginia, the identity of whom shall be mutually agreeable to the City and Century-Volga, or in the Circuit Court of Barbour County, West Virginia.

2. Dismissal With Prejudice of Counterclaim. The City agrees to dismiss with prejudice its counterclaim filed on November 3, 1989, against Century-Volga for alleged undercharges by the City for water purchased by Century-Volga from May 1988 to the present, provided, however, that the City reserves the right to pursue its claim against Century-Volga for alleged undercharges informally before an arbitrator located in Philippi, West Virginia, the identity of whom shall be mutually agreeable to the City and Century-Volga, or in the Circuit Court of Barbour County, West Virginia.

3. No Discrimination. Century-Volga hereby withdraws and retracts its allegations of discrimination made against the City in connection with Case No. 89-605-PWD-W-C.

4. 1991 Modification of Water Purchase Agreement. Century-Volga does hereby agree to execute the 1991 Modification of Water Purchase Contract attached to this

Settlement Agreement and incorporated by reference herein. Century-Volga acknowledges and agrees that all portions of the December 6, 1983, Water Purchase Contract other than those amended by the 1991 Modification to Water Purchase Contract remain in full force and effect.

5. Purchase of Water to Serve Wellington Heights.

(a) The City hereby agrees to purchase water from Century-Volga to serve the City's customers in the Wellington Heights area of Barbour County in such quantity as may be required by the City not to exceed 500,000 gallons per month.

(b) The City agrees to pay Century-Volga, not later than the 20th day of each month, for water delivered in accordance with the following charge:

\$1.29 per 1,000 gallons.

(c) The above rate shall be subject to modification at the end of every year beginning one year from the date of this Settlement Agreement, provided that any increase or decrease in said rate shall be based on a demonstrable increase or decrease in Century-Volga's cost of supplying such water to the City. In the event said rate is modified, Century-Volga shall give the City notice and shall demonstrate the aforesaid increase or decrease in the cost of supplying such water to the City sixty (60) days prior to implementing the rate modification.

6. Severability. In the event that any provision of this Settlement Agreement is determined to be invalid, illegal, unenforceable, or otherwise inoperative, the balance of this Agreement shall remain in full force and effect as if such provision were not included in this Agreement.

7. Applicable Law. Any questions regarding the validity, construction, interpretation, performance, or effect of this Agreement shall be determined pursuant to the laws of the State of West Virginia.

8. Binding Effect. All of the rights under this Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns, and all of the obligations under this Agreement shall be binding upon the parties and their respective successors and assigns.

9. Attorneys' Fees, Costs, and Expenses. Century-Volga and the City agree to bear their own respective attorneys' fees, expenses, and other costs associated with Case No. 89-605-PWD-W-C.

10. Integration Clause. The parties hereto agree that the Settlement Agreement is the integrated memorial of their agreement and that there are no undertakings, understandings, promises, or conditions of any kind that are not set forth herein.

IN WITNESS WHEREOF, Century-Volga and the City have executed this Agreement in triplicate by duly authorized representatives on the day and year first written above.

CITY OF PHILIPPI

By Donald B. Laughman (SEAL)
Its Mayor

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

By William B. [Signature] (SEAL)
Its Chairman

WITNESSED BY:

Juanita P. Matalenas
Patricia A. Frey

1991 MODIFICATION OF WATER PURCHASE CONTRACT

WHEREAS, on December 6, 1983, the City of Philippi (hereinafter the "Seller") and the Century-Volga Public Service District (hereinafter the "Purchaser" or the "District") entered into a Water Purchase Contract, and

WHEREAS, Paragraph 5 of Section C of the December 6, 1983, Water Purchase Contract states, in pertinent part, that rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period and any increase or decrease in rates shall be based on a demonstrable increase or decrease in the operating costs of the Seller's system, and

WHEREAS, the Seller has demonstrated that its operating costs have increased, and

WHEREAS, Paragraph 1 of Section A of the December 6, 1983, Water Purchase Contract provides, in pertinent part, that the Seller agrees to furnish the Purchaser potable treated water in such quantity as may be required by the Purchaser not to exceed 9 million gallons per month, and

WHEREAS, the parties agree that the quantity of water per month required by the Purchaser specified in the December 6, 1983, Water Purchase Contract, needs to be modified.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, the Purchaser and Seller agree that the rates to be paid

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by the Purchaser for water delivered shall be increased and the quantity of water per month required by the Purchaser shall be decreased.

In this regard, the Purchaser and Seller agree that Paragraph 1 of Section A, Paragraph 1 of Section B, and Paragraph 5 of Section C of the December 6, 1983, Water Purchase Contract shall be modified and amended as set forth below in bold type:

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery specified in the December 6, 1983, Water Purchase Contract, during the term of the December 6, 1983, Water Purchase Contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State of West Virginia -- Board of Health and the United States of America as promulgated by the Environmental Protection Agency, in such quantity as may be required by the Purchaser not to exceed 5,000,000 gallons per month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered in accordance with the following charges:

- a. \$50.00 per month plus**
- b. \$1.15 per 1,000 gallons of water used per month.**

The minimum charge will be in accordance with the Seller's retail Water Service Schedule in effect at the time of the sale.

C. It is further mutually agreed between the Seller and Purchaser as follows:

5. (Modification of Contract) That the provisions of this contract, and all modifications and amendments thereto, pertaining to rates and charges to be paid by the Purchaser are subject to modification at any time by an order of the Public Service Commission of West Virginia and, in the event the Commission shall not regulate the rates and charges to be charged by the Seller, then said rates and charges shall be subject to modification at the end of every one year period, beginning one year from the date of this 1991 Modification of Water Purchase Contract, and any increase or decrease in rates and charges shall be based on a demonstrable increase or decrease in the operating costs of the Seller's system. The Seller agrees to give Purchaser notice of any modification of rates and charges ninety (90) days prior to the date upon which such modification takes effect.

The parties hereby acknowledge and agree that the modifications contained in this "1991 Modification of Water Purchase Contract" amend and supersede the language of Paragraph 1 of Section A, Paragraph 1 of Section B, and Paragraph 5 of Section C of the December 6, 1983, Water Purchase Contract and that the original Paragraph 1 of Section A, the original Paragraph 1 of Section B, and the original Paragraph 5 of Section C of the December 6, 1983, Water Purchase Contract are null and void.

The parties further acknowledge and agree that all portions of the December 6, 1983, Water Purchase Contract other than those amended by this "1991 Modification to Water Purchase Contract" remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this 1991 Modification of Water Purchase Contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

SELLER:

TOWN OF PHILIPPI

By Donald B. Baughman
Title Mayor

ATTEST:

Joseph P. Mattaliano
Joseph P. Mattaliano

PURCHASER:

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

By William B. [Signature]
Title Chairman

ATTEST:

Patricia A. Frey

SETTLEMENT AGREEMENT

THIS AGREEMENT, made and entered into in triplicate this 12th day of May, 1995, by and between Century-Volga Public Service District ("Century-Volga") and the City of Philippi (the "City").

W I T N E S S E T H:

WHEREAS, Century-Volga is a public service district organized and existing pursuant to the laws of the State of West Virginia; and,

WHEREAS, the City is a municipal corporation organized and existing pursuant to the laws of the State of West Virginia that provides water service to Century-Volga pursuant to a December 6, 1983, Water Purchase Contract, as amended May 16, 1991; and,

WHEREAS, Century-Volga filed with the Public Service Commission of West Virginia ("Commission") a Complaint against the City on September 26, 1994, and the City filed with the Commission, on September 28, 1994, a Complaint against Century-Volga, which Complaints were given the Case Nos. 94-0850-PWD-W-C and 94-0862-W-PWD-C, respectively; and,

WHEREAS, both cases before the Commission pertain to service to customers located along U.S. Route 119 in the vicinity of an area known as Wellington Heights; and,

WHEREAS, Century-Volga and the City have reached an understanding in the matters involved and desire to resolve their differences in the manner set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions to be kept and performed, the parties hereto do hereby agree as follows:

1. Dismissal With Prejudice of Century-Volga's Case.

Century-Volga does hereby agree to dismiss with prejudice its complaint case against the City filed with the Commission on September 24, 1994, which case is more specifically identified as Case No. 94-0850-PWD-W-C.

2. Dismissal With Prejudice of the City's Case. The City agrees to dismiss with prejudice its complaint case filed on September 28, 1994, against Century-Volga, which case is more specifically identified as Case No. 94-0862-W-PWD-C.

3. Service to Customers Along U.S. Route 119. Century-Volga agrees that, upon receipt of payment by the City in the amount provided for herein, it will transfer all of its right, title and interest in that transmission line, associated appurtenances, and customers served thereby, which facilities and customers are located along U.S. Route 119 between the City limits and the City's master meter serving Century-Volga, located at the intersection of State Route 57 and U.S. Route 119. Further, Century-Volga agrees that, upon execution of this Agreement and receipt of the payment provided for herein, it shall make no claim to the facilities or customers to be transferred hereby, or to the right to provide service in the

area between the City limits and the master meter located at the intersection of Routes 57 and 119.

4. Reimbursement To Century-Volga by the City. The City agrees to pay to Century-Volga the amount of Five Thousand Three Hundred Ninety-One Dollars (\$5,391.00) as reimbursement for the cost of construction of the facilities referred to in Paragraph No. 3 above.

5. Waiver of Right To Reimbursement. The City agrees to waive all of its right to reimbursement for service rendered to customers located along the transmission line to be transferred herein.

6. Severability. In the event that any provision of this Settlement Agreement is determined to be invalid, illegal, unenforceable, or otherwise inoperative, the balance of this Agreement shall remain in full force and effect as if such provision were not included in this Agreement.

7. Applicable Law. Any question regarding the validity, construction, interpretation, performance, or effect of this Agreement shall be determined pursuant to the laws of the State of West Virginia.

8. Binding Effect. All of the rights under this Agreement shall inure to the benefits of the parties and their respective successors and permitted assigns, and all of the obligations

under this Agreement shall be binding upon the parties and their respective successors and assigns.

9. Attorneys' Fees, Costs, and Expenses. Century-Volga and the City agree to bear their own respective attorneys' fees, expenses, and other costs associated with Case Nos. 94-0850-PWD-W-C and 94-0862-W-PWD-C.

10. Integration Clause. The parties hereto agree that the Settlement Agreement is the integrated memorial of their agreement and that there are no undertakings, understandings, promises, or conditions of any kind that are not set forth herein.

IN WITNESS WHEREOF, Century-Volga and the City have executed this Agreement in triplicate by duly authorized representatives on the day and year first written above.

ATTEST:

Patricia A. Gray

CENTURY-VOLGA PUBLIC
SERVICE DISTRICT

By

William D. Smith
Its Chairman

ATTEST:

Doris J. Mundy

CITY OF PHILIPPI,
a municipal corporation

Ronald B. Baughman
Its Mayor

RECEIVED

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CENTURY-VOLGA PSD
1-17-01

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 16th day of January, 2001.

CASE NO. 00-1748-PWD-30B

CENTURY VOLGA PUBLIC SERVICE DISTRICT,
a public utility.

Application to increase rates to offset the increased cost of purchased water from the City of Philippi.

COMMISSION ORDER

On November 27, 2000, the Century Volga Public Service District (District) filed with the Commission a request to increase its water rates and charges in its territory, pursuant to Rule 30B of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicles (Tariff Rules). The District is seeking an increase in its rates to offset an increase in the rates for purchased water provided by the City of Philippi. The City of Philippi raised its bulk purchase rate from \$1.365 per 1000 gallons of metered water usage to \$1.80 per 1000 gallons of metered water usage. The City of Philippi's increase became effective on December 4, 2000.¹ The District made publication for two successive weeks in December of 2000, in *The Barbour Democrat*. No protests have been received by the Commission.

Upon review of the District's water cost and unaccounted-for-water, Technical Staff recommended that the District's rates should be increased by 52 cents per thousand gallons, to be effective upon the date of the Commission's order. See Initial and Final Internal Memorandum attached to Initial and Final Joint Staff Memorandum filed December 6, 2000. Technical Staff further recommended that the District's incremental leak adjustment rate be adjusted to \$2.76 per thousand gallons. *Id.* Attached to Staff's December 6, 2000, memorandum was a copy of Technical Staff's recommended revised tariff incorporating the District's increased water rates and charges and adjusted incremental leak adjustment rate.

¹The City of Philippi was granted increased water rates in a Recommended Decision entered on October 19, 2000, which became final on November 8, 2000, as corrected on October 20, 2000, in Case No. 00-0989-W-MA.

CENTURY-VOLGA PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 2003 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Barbour County Bank, Philippi, West Virginia (the "Bank"), hereby certify that on June 13, 2003, the Bank received an automated transfer in the amount of \$124,100 to the credit of the Project Construction Account, Account Number 03-39792 for the Series 2003 A Bonds.

WITNESS my signature on this 13th day of June, 2003.

BARBOUR COUNTY BANK

By: 

Its: Authorized Officer

06/03/03
138930.00001

CH578064.1

CENTURY-VOLGA PSD
USE AND INCOME ANALYSIS
RT. 57 AML EXTENSION

Blocking	Gall/ Cust. Mo.	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Next OVER 20,000	TOTAL REVENUE
0 - 3,000	73	219		73				
NEXT 3,000	29	133			87			
NEXT 4,000	7	55			21	46		
NEXT 10,000						28	6	
> 20,000								

Monthly Total	109	407	73	108	74	6	0	0		
Proposed Rates	\$	22.32	\$	7.44	\$	7.02	\$	6.60	\$6.18	\$5.77
Monthly Revenues	\$	1,629.36	\$	803.52	\$	519.48	\$	39.60	\$	2,991.96
Annual Revenues	\$	19,552.32	\$	9,642.24	\$	6,233.76	\$	475.20	\$	35,903.52

ANNUAL REVENUE FOR TOTAL SYSTEM:
Existing System - \$236,800.68
Carrollton/Talbot Extensions - \$36,171.36
Rt. 57 AML Extension - \$35,903.52
TOTAL - \$308,876

Attachment No. 1 to Letter of Conditions
 For:
 Date:

CENTURY-VOLGA PSD
 USE AND INCOME ANALYSIS
 EXISTING SYSTEM

Blocking	Cust. Mo.	Gal/ Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Over 20,000	TOTAL REVENUE
0 - 3,000	466	832						
3,001 - 6,000	182	836	546	290				
6,001 - 10,000	44	344	132	132	80			
10,001 - 20,000	2	30	6	6	8	10		
> 20,000	2	107	6	6	8	30	47	

Monthly Total	696	2149	466	690	434	96	40	47						
Proposed Rates	\$	22.32	\$	7.44	\$	7.02	\$	6.80	\$	6.18	\$	5.77		
Monthly Revenues	\$	10,401.12	\$	5,133.60	\$	3,046.68	\$	633.60	\$	247.20	\$	271.19	\$	19,733.39
Annual Revenues	\$	124,813.44	\$	61,603.20	\$	36,560.16	\$	7,603.20	\$	2,966.40	\$	3,254.28	\$	236,800.68

CENTURY-VOLGA PSD
 USE AND INCOME ANALYSIS
 CARROLTON AND TALBOTT EXTENSION AREAS

Blocking	Cust.	Gall/ Mo.	Minimum Bills	FIRST 3,000	NEXT 3,000	NEXT 4,000	NEXT 10,000	OVER 20,000	TOTAL REVENUE
0 - 3,000	74	222	74						
NEXT 3,000	29	133		87	46				
NEXT 4,000	7	55		21	28	6			
NEXT 10,000									
OVER 20,000									
Monthly Total	110	410	74	108	74	6		0	
Proposed Rates			\$ 22.32	\$ 7.44	\$ 7.02	\$ 6.60	\$ 6.18	\$ 5.77	
Monthly Revenues			\$ 1,651.68	\$ 803.52	\$ 519.48	\$ 39.60			\$ 3,014.28
Annual Revenues			\$ 19,820.16	\$ 9,642.24	\$ 6,233.76	\$ 475.20			\$ 36,171.36

CENTURY-VOLGA PUBLIC SERVICE DISTRICT
OPERATING BUDGET

OPERATING INCOME

Metered Sales	\$	308,875	
Penalties	\$	2,521	
Other Income	\$	440	
Reconnect Fees	\$	640	
TOTAL OPERATING INCOME			<u>\$ 312,476</u>

NON OPERATING INCOME

Interest income	\$	1,202	
TOTAL NON OPERATING INCOME			<u>\$ 1,202</u>

TOTAL INCOME

\$ 313,678

EXPENSES

O & M	\$	170,724	
Taxes	\$	4,330	
TOTAL EXPENSES			<u>\$ 175,054</u>

INCOME AVAILABLE FOR D/S (A)

\$ 138,624

DEBT SERVICE

Existing Bond P & I (B)	\$	89,011	
Proposed Bond P & I (B)	\$	31,572	
TOTAL DEBT SERVICE			<u>\$ 120,583</u>

DEBT SERVICE RESERVE

Debt Service Reserve*	\$	6,028	
Depreciation Reserve	\$	6,028	
TOTAL DEBT SERVICE RESERVE			<u>\$ 12,056</u>

SURPLUS (DEFICIT)

\$ 5,985

DEBT COVERAGE (A/B)

\$ 1.15

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Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 16 U.S.C. 1005.

RUS Instruction 1780

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants"

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of \$100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

- (a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;
- (b) It must be established that not using bond counsel will produce significant savings in total legal costs;
- (c) The local attorney must be able and experienced in handling this type of legal work;
- (d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;
- (e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and
- (f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

- (a) Copies of all organizational documents;
- (b) Copies of general incumbency certificate;
- (c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;
- (d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;
- (e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;
- (f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;
- (g) Specimen bond, with any attached coupons;
- (h) Attorney's no-litigation certificate;
- (i) Certified copies of resolutions or other documents pertaining to the bond award;
- (j) Any additional or supporting documents required by bond counsel;
- (k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;
- (l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

RUS Instruction 1780

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar.

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

RUS Instruction 1780

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

- (a) The date from which each advance will bear interest;
- (b) The interest rate as determined by §1780.13;
- (c) A payment schedule providing for interest on outstanding principal at least annually; and
- (d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

- (a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than \$1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.
- (b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

RUS Instruction 1780

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

- (1) Provisions for the holder to manually post each payment to the instrument.
- (2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.
- (3) Provisions that amend covenants contained in Forms RD 1942-47 or RD 1942-9.
- (4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

- (1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;
- (2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;
- (3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;
- (4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.



United States
Department of
Agriculture

Rural
Development

Federal Building
75 High Street, Room 320
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August 27, 2002

COPY

~~Donald Cleavenger, Chairman
Century-Volga Public Service District
P.O. Box 207
Volga, WV 26238-0207~~

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Cleavenger:

This letter, with Attachment No. 1 amends the letter of conditions dated June 27, 2001 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of a reduced RUS loan in the amount of \$377,000, an initial RUS grant in the amount of \$789,000, a subsequent RUS grant in the amount of \$196,000, and other funding in the amount of \$539,000, for a total project cost of \$1,901,000. The other funding is planned in the form of a grant from the Appalachian Regional Commission.

Subject to the requirements noted herein, all of the conditions of the June 27, 2001 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 – Revised Project Construction Budget (All Copies)

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated June 13th, 2003, between

Century-Volga Public Service District
a public corporation organized and operating under

Chapter 16, Article 13A of the West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of \$ 1,901,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 377,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,524,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 985,000 or 75 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 51.8 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated _____, _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All water lines, water storage tanks, booster or pressure reducing stations and appurtenances relative to the PSD's water system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

- (a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.
- (b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

- (1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.
- (2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
- (3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

- (a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.
- (b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

N/A

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 985,000 which it will advance to Grantee to meet not to exceed 51.8 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By _____

(Title) _____

By Donald Cleaver

(Title) Chairman



UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Joseph D. Clark Rural Development Specialist
(Title)