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GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

Date of Closing: June 29, 2006

BONDS TRANSCRIPT

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GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

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(United States Department of Agriculture)**

BOND TRANSCRIPT

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GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)**

BOND RESOLUTION

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GREEN SPRING VALLEY 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 GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$591,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 B (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 GREEN SPRING VALLEY 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. Green Spring Valley Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Hampshire County of said State, duly created pursuant to the Act by The County Commission of Hampshire 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 constructing a water distribution and treatment system and installing approximately 15,000 linear feet of six inch water line, constructing a 157,000 gallon water storage tank, repainting the existing 100,000 water storage tank and making upgrades to the Issuer's existing water treatment plant, including a filtration system (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 \$2,543,000 of which \$591,000 will be obtained from the proceeds of sale of the Series 2006 B Bonds herein authorized, \$170,000 will be obtained from a grant from the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), \$368,000 will be obtained from a subsequent grant from the Purchaser and \$1,414,000 will be obtained from a grant from the Small Cities Block Grant.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), in the aggregate principal amount of \$591,000 (the "Series 2006 B 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 2006 B 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 are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 B Bonds as to liens, pledge and source of and security for payment, being the (i) Water Refunding Bonds, Series 2006 A (BB&T), dated June 29, 2006, issued in the original aggregate principal amount of \$238,197 (the "Series 2006 A Bonds"), (ii) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of \$93,000 (the "Series 1970 Bonds") and the Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of \$260,000 (the "Series 1989 A Bonds") collectively referred to herein as the "Prior Bonds". Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2006 B Bonds as to liens, pledge and/or source of and security for payment.

Prior to the issuance of the Series 2006 B Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2006 B Bonds on a parity with the Prior Bonds. 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 2006 B Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated August 12, 2002, 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 2006 B Bonds, or will have so complied prior to issuance of the Series 2006 B 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 2006 B 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 2006 B 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 2006 B 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 Thrasher Engineering, Inc., 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 The Bank of Romney, Romney, West Virginia, 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 Green Spring Valley Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Hampshire County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated August 12, 2002, 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 2006 B 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 1970 Bonds, the Series 1989 A Bonds, and the Series 2006 A Bonds.

"Prior Resolutions" means, collectively, the resolutions of the Issuer authorizing 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 Board of Treasury Investments pursuant to Chapter 12, Article 6(c) 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, 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 2006 B Bonds" means the Water Revenue Bonds, Series 2006 B (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 \$2,543,000, 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 2006 B 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 2006 B Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2006 B (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of \$591,000, 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 2006 B 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 2006 B Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.375% per annum, and shall be sold for the par value thereof.

The Series 2006 B 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 2006 B 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 2006 B Bonds, and the right to principal of and stated interest on the Series 2006 B 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 2006 B 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 2006 B 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 2006 B Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2006 B 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 2006 B Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2006 B 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 2006 B Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2006 B 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 2006 B 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 2006 B 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 2006 B 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 2006 B Bonds shall cease to be such officer of the Issuer before the Series 2006 B 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 2006 B 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 2006 B 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 2006 B Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 B 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; Lien Position with Prior Bonds. The payment of the debt service of the Series 2006 B 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 2006 B 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 2006 B 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 2006 B 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)

UNITED STATES OF AMERICA
GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2006 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. BR-1

Date: _____

FOR VALUE RECEIVED, GREEN SPRING VALLEY 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 _____ % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 28 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 \$ _____, 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 _____, 2006, 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.

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2006 B BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BEING THE (i) WATER SYSTEM NOTE, SERIES 1970 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1970, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$93,000 (THE "SERIES 1970 BONDS"); THE WATER SYSTEM NOTE, SERIES 1989 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$260,000 (THE "SERIES 1989 A BONDS"); AND (ii) WATER REFUNDING BONDS, SERIES 2006 A (BRANCH BANKING AND TRUST COMPANY), DATED JUNE 29, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 2006 A BONDS"), ALL COLLECTIVELY REFERRED TO HEREIN AS THE PRIOR BONDS.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds 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.

IN WITNESS WHEREOF, GREEN SPRING VALLEY 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.

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: _____
Its: Chairman
Green Spring Valley Public Service District
Post Office Box 845
Green Spring, West Virginia 26378

ATTEST:

Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$	June 30, 2006	(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 Resolutions); and
- (2) Reserve Fund (established by the Prior Resolutions);
- (3) Renewal and Replacement Fund; and
- (4) Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created with 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 2006 B Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2006 B 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 2006 B 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 2006 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 B Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 B Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 B 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, before the due date of payment, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office or BB&T, as applicable, 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 2006 B Bonds and to amortize the principal of the Series 2006 B Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2006 B 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 date specified in the Prior Resolutions, transfer from the Revenue Fund and remit (i) to the Depository Bank or the Commission, as applicable, the amounts required by the Prior Resolutions to be deposited in the respective reserve funds for the Prior Bonds; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 28th day of the 24th monthly anniversary of the Closing Date, and continuing on the 28th day of each month thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 B Bonds Reserve Account, an amount equal to 10% of your monthly payment each month, until the amount in the Series 2006 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 B 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 2006 B Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2006 B Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2006 B Bonds, or for mandatory prepayment of the Series 2006 B Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2006 B Bond Reserve Account, so long as the Minimum Reserve 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 deposit in the Renewal and Replacement Fund, the amounts required by the Prior Resolutions and a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested as set forth herein. Withdrawals and disbursements may be made from the Renewal and Replacement

Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(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 or for any lawful purpose.

Whenever the money in the Series 2006 B Bonds Reserve Account shall be sufficient to prepay the Series 2006 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2006 B 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 2006 B Bonds Reserve Account. All amounts required for the Series 2006 B Bonds Reserve Account 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 and the Series 2006 B Bonds Reserve Account 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 2006 B Bonds and the interest thereon.

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 2006 B Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

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.

Subject to the Prior Resolutions, the Commission, at the direction of the Issuer, shall keep the monies in the Series 2006 B Bonds Reserve Account and 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 Board of Treasury Investments. 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 2006 B 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 2006 B Bonds, provide evidence that there will be at least 448 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 2006 B Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$591,000 (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 2006 B 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 2006 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 B Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2006 B 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 2006 B Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required by the Prior Resolutions. 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 2006 B 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. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2006 B 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. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. 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.

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 Resolution then Outstanding; and

(3) The Parity Bonds than proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Bonds, representing 75% of the then-outstanding principal indebtedness.

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 2006 B 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 2006 B 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 2006 B 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 2006 B Bonds, on a parity with the Prior Bonds a statutory mortgage

lien upon the System is granted and created by the Act, 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 2006 B 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 2006 B Bonds at the date specified for payment thereof;

(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 2006 B Bonds or herein, or violation of or failure to observe any provision of any pertinent law; or

(c) if default occurs with respect to the Prior Bonds or the Prior Resolutions.

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.

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. All rights and remedies of the Holders of the Series 2006 B Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2006 B 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 2006 B 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 Commission Order of the Public Service Commission of West Virginia, entered on June 29, 2006, in Case No. 05-0606-PWD-CN, which Recommended Decision 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 2006 B 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 2006 B 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 2006 B Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2006 B Bonds, the Issuer may not defease the Series 2006 B 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 2006 B 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 2006 B 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.

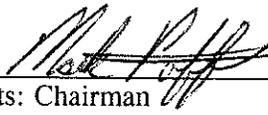
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular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

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Adopted this 28th day of June, 2006.

GREEN SPRING VALLEY PUBLIC SERVICE
DISTRICT

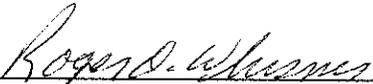
By:  _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT on the 28th day of June, 2006.

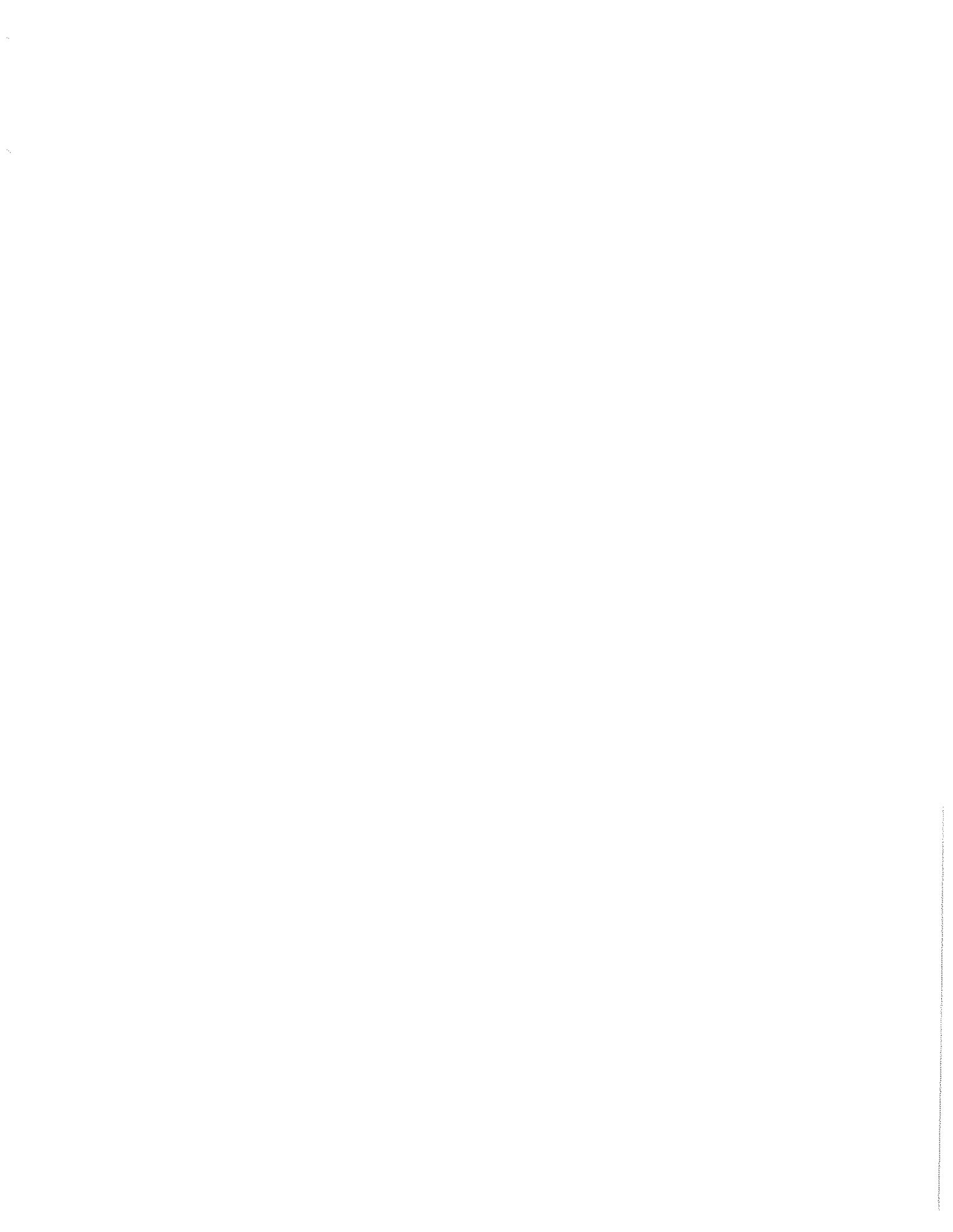
Dated: June 30, 2006.

[SEAL]



Secretary

06.13.06
354410.00001



LOAN RESOLUTION SECURITY AGREEMENT

COPY

A RESOLUTION OF THE Directors

OF THE Springfield Water Association, Inc.

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE

PRINCIPAL AMOUNT OF \$260,000.00 FOR THE PURPOSE

OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A

water system improvement, PROVIDING FOR THE COLLECTION, HANDLING, AND DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTE(S), SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND SECURE THE PAYMENT OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Springfield Water Association, Inc., (hereinafter

referred to as the "Organization"), was organized under Article 1, Chapter 31 of the

Code of West Virginia for the purpose of providing a

water system improvement to serve its customers.

_____ (hereinafter referred to as the "Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the 29 day of February pursuant to proper notice thereof to consider plans for the acquisition and construction methods of financing the Facility:

and, as shown by the minutes of said meeting, of the 152 members of record of the organization there was present and voting 52, and by a recorded majority vote, the Facility and its financing authorized; and,

WHEREAS, the proposed Facility is to be constructed and equipment in accordance with plans, and specifications prepared by Stultz and Associates, Romney, West Virginia

and in order to finance the Facility, the Directors (hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the organization, to make application to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a promissory note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility for and on behalf of the Organization.
NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into consideration prevailing private and cooperative rates and terms currently available;

Section 2. (Terms of Loan). That the Organization borrow \$ 260,000.00 and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary and have the corporate seal of the Organization affixed

therefore, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed 5 percent per annum;

the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in the promissory note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not

sooner paid, shall be due and payable 40 years from the date of the note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall be come due, is hereby assigned and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The Treasurer of the Organization shall be the custodian of all funds of the Organization. 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.

The Springfield Water Association, Inc. shall obtain a fidelity bond in an amount not less than (Name of Borrower)

\$ 30,000.00 with a surety company approved by the Government and unless prohibited by State law the "United States of America" shall be named as a co-obligee in such bond and the amount thereof shall not be reduced without

the prior written consent of the Government. The Treasurer is hereby directed to established the following accounts into which the current funds of the Organization, note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility costs, and at least the amount of \$ None to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in the Construction Account which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the

Treasurer of the Organization as authorized by the Board from time to time, and with prior concurrence of FmFA. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account

shall be made only on checks signed by the Treasurer of the Organization and countersigned by an authorized official of the Farmers Home Administration. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Constructon Account shall be closed.

(b) General Account

As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Borrowers making monthly FmHA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly FmHA Debt Service Payments shall use the General Account to pay first operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below. (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

For borrowers on other than monthly debt service payments, transfers, in proportion to income availability, shall be made from the General Account and set aside in an account designated as the Debt Service Account, in sufficient amounts which will accumulate for the next installment on the note.

(d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there shall be set aside into an account designated as the Reserve Account the sum of \$ 128.00 each

month until there is accumulated in that account the sum of \$ 15,324.00 after which deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for:

- (1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe.
- (2) making extensions or improvements to the Facility.

Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again

accumulated the amount \$ 15,324.00 at which time deposits may be discontinued. Whenever there shall accumulate in the General Account, amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the organization to make prepayments on the loan or retained in the general account. The accounts required in subsections (b) (1) and (2), (c) and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid:

- (a) It will indemnify the Government for any payments made or losses suffered by the Government.
- (b) It will comply with applicable Statelaws and regulations and continually operate and maintain the Facility in good condition.
- (c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance thereof and the installment payments on the note and the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.
- (d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the note which the same become due if, for any reason, gross revenues are insufficient.
- (e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs and will provide for the annual audit thereof in such manner as may be required by the Government, will provide the Government without its request a copy of each such audit, and will make and forward to the Government such additional information and reports as it may from time to time require.
- (f) It will provide the Government at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.
- (g) It will maintain at least such insurance coverage as may be required by the Government.
- (h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.
- (i) It will not cause or permit any voluntary dissolution of its organization, merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue, in excess of the amount required to maintain the accounts described by Section 4 herein, will not be distributed or transferred to any other organization or legal entity.
- (j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government.
- (k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain FmHA'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 organization or public body.
- (l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government.

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form FmHA 400-1, "Equal Opportunity Agreement", and Form FmHA 400-4, "Assurance Agreement".

Section 9. In the case of a grant in the sum not to exceed \$ 180,000.00, the Organization hereby accepts the grant under the terms as offered by the Government and that the President and Board of the Organization 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 the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing 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 Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution a Contract). 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 instruments, shall constitute a contract between the Organization and the Government so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force and after the 29th day of February, 1988, being the date of its enactment.

The vote was: Yeas 4 Nays 0 Absent 1

(SEAL) (if applicable)

Attest:

[Signature]

Title Secretary

SPRINGFIELD WATER ASSOCIATION, INC.

By [Signature]

Title Roy Alkire
President

CERTIFICATION

I, the undersigned, as secretary of the Springfield Water Association, Inc. hereby certify that the DIRECTORS of such Organization or Corporation is composed of 5 members of whom 4, constituting a quorum, were present at a meeting thereof duly called and held on the 29 day of February, 19 88; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this 29 day of February, 19 88.

SPRINGFIELD WATER ASSOCIATION, INC.

Secretary of

[Signature]

RESOLUTION AMENDING FORM FmHA 1942-9

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SPRINGFIELD WATER ASSOCIATION, INC. AMENDING A
RESOLUTION OF THE BOARD ADOPTED ON FORM FmHA 1942-9, AUTHORIZING THE
PRESIDENT AND SECRETARY TO EXECUTE AND DELIVER A LOAN AGREEMENT AND
OTHER LOAN INSTRUMENTS.

RESOLVED, that the resolution of this board adopted on
February 29, 1988 on Form FmHA 1942-9 and
executed as a security agreement be and it is hereby amended and
modified in accordance with the provisions of the Loan Agreement
presented to this meeting.

FURTHER RESOLVED, that the President and the Secretary be and they
are hereby authorized to execute and deliver the Loan Agreement and the
other loan instruments referred to therein, all in substantially the
forms presented to this meeting, with such changes as they in their
sole discretion may deem necessary or appropriate to carry out the
purposes of this Resolution.

FURTHER RESOLVED, that the President and the Secretary be and they
are hereby authorized to execute and deliver such other loan instruments,
closing papers and representations on behalf of the Corporation, and to
take all other actions which they jointly deem necessary or appropriate
to carry out the provisions of this resolution and the transactions
contemplated in the loan instruments referred to herein.

FINALLY RESOLVED, that all prior resolutions or parts thereof
inconsistent herewith be and they are hereby repealed.

The vote was:

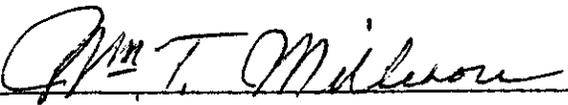
YEAS: 5
NAYS: 0
ABSENT: 0

CERTIFICATION

I, the undersigned, as Secretary of the Springfield Water
Association, Inc., hereby certify that the _____
Membership of the Corporation is composed of
5 members, of whom 5, constituting a quorum,
were present at a meeting thereof duly called and held on the
29th day of February, 1988; that the foregoing
resolution was adopted at such meeting by the vote shown above;

Dated, this 29th day of February, 1988.

Secretary of


Springfield Water Association, Inc.

RESOLUTION OF MEMBERS OR STOCKHOLDERS

Springfield Water Association, Inc.

(Name of Association)

Springfield, West Virginia 26763

(Address, including Zip Code)

COPY

RESOLVED, that the Governing Board of this Association be and it hereby is authorized and empowered to take all action necessary or appropriate --

1. To obtain for and on behalf of the Association through the Farmers Home Administration or any other Governmental agency:

(a) A loan in a sum not to exceed \$ 260,000.00 ;

(b) A grant in a sum not to exceed \$ 180,000.00 ;

to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.

2. In case of a loan or grant or both --

(a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;

(b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and

(c) In its judgment to carry out the terms of this resolution.

3. And in case of a loan --

(a) To obligate this Association for the repayment of the loan at such rates of interest and on such other terms and conditions as the Governing Board shall deem proper;

(b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and

(c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

I, the undersigned, as Secretary of the above named Association, hereby

(Secretary) (Acting Secretary)

certify that said Association on the 29 day of February, 19 88, had 152

(Number)

Members; that 15% of these

(members) (stockholders) or (shares of voting stock outstanding)

constituted a quorum; that 52 said members or stockholders or shares of voting stock were present at a meeting

of the members or stockholders duly called and held on the 29 day of February, 19 88;

that the foregoing resolution was adopted at such meeting by the affirmative vote of 52 said members or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this 29 day of February, 19 88.

W. T. Miller

Secretary of Springfield Water Association, Inc.

LOAN AGREEMENT
(Short Form)

RECITALS

COPY

Springfield Water Association, Inc. (the Borrower) is a non-profit corporation organized and existing under the laws of the State of West Virginia. The Borrower has determined that it is necessary and desirable to borrow money from the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (the Government), in order to finance a project duly authorized by resolutions of its members and of its governing body (the Project).

NOW, THEREFORE, in consideration of the Government's making a community facility loan (the Loan) to the Borrower, the Borrower hereby agrees to the following:

PART ONE

REPRESENTATIONS AND WARRANTIES

Section 1.1. General: In order to induce the Government to make the Loan, the Borrower makes the representations and warranties set forth in this Article.

Section 1.2. Corporate Organization and Power: The Borrower (a) is a non-profit corporation duly organized, validly existing and in good standing under the laws of West Virginia; (b) has not suffered or permitted its corporate charter or by-laws to be amended, rescinded or revoked, except as previously fully disclosed to the Government in writing; (c) has the corporate power to acquire, own, lease and give a lien on and security interest in the Collateral, and to engage in the transactions contemplated by this Loan Agreement; (d) has duly authorized the execution and delivery of this Loan Agreement and each of the other Loan Instruments; and (e) has the full power, authority and legal right to execute and deliver each of them and to perform and observe the terms and provisions of this Agreement and of such instruments.

Section 1.3. Liabilities: The Borrower has no liabilities except as contemplated by this Loan Agreement and fully disclosed in the Borrower's financial records as presented to the Government. Such financial records are true and correct. No data was withheld and no material adverse change in the

Borrower's financial position has occurred which would adversely effect such statements. The Borrower's assets are not less than its liabilities, both determined in accordance with generally accepted accounting principals and the Borrower is solvent.

Section 1.4. Litigation and Taxes: There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower at law or in equity before any court or administrative officer or agency which might result in any material adverse change in the business or financial condition of the Borrower. The Borrower is not in default (a) on the payment of any taxes levied or assessed against it or any of its assets or (b) under an applicable statute, rule, order, decree, writ, injunction or regulation of any governmental body (including any court).

Section 1.5. Compliance with Other Instruments: The Borrower is not a party to any contract or agreement or subject to any charter or corporate restriction to any order, rule, regulation, writ, injunction or decree of any court or governmental authority or to any statute which materially and adversely affects its business, property, assets or financial condition. Neither the execution, delivery or performance of this Loan Agreement or of any of the other Loan Instruments, evidencing or securing the Loan nor compliance with the terms and provisions thereof, conflicts or will conflict with or results or will result in a breach of any of the terms, conditions or provisions of the charter documents or by-laws of the Borrower, or of any law, or of any order, writ, injunction or decree of any court or governmental authority, or of any agreement or instrument to which the Borrower is a party or by which it is bound, or constitute a default thereunder, or result in the creation or imposition of any lien, charge or encumbrance upon any of its property pursuant to the terms of any such agreement or instrument, except the lien and security interest hereby created, or by the other Loan Instruments.

Section 1.6. Governmental Authorization: No authorization, consent, or approval of any governmental authority is required for the execution and delivery of the Loan Instruments. If, on the Closing Date, any such authorization, consent or approval shall be required, the same shall have been obtained or made on or prior to the Closing Date. All necessary permits and licenses to Construct and operate the facility in the Loan Instruments have been obtained.

Section 1.7. Events of Default: No event has occurred and is continuing which would constitute an Event of Default under the Deed of Trust or would constitute such an event of default but for the requirements that notice be given or that a period of time elapse, or both.

Section 1.8. Credit Elsewhere: The Borrower is unable to obtain sufficient credit elsewhere to finance the Project, taking into consideration prevailing private and cooperative rates and terms currently available.

Section 1.9. Other Representation: All representations which the Borrower has made to the Government, in connection with the transactions contemplated hereby, whether contained in the other Loan Instruments, the Loan application or written or oral correspondence with the Government, are true and are not materially misleading.

PART TWO

TERMS OF LOAN

The Borrower's obligation to repay the Loan is evidenced by its installment Promissory Note executed by its President and attested by its Secretary on Form FmHA 440-22 dated September 22, 1989 (the Note). The terms of the Loan are set forth in the Note as well as any additional notes which the Borrower may deliver to the Government from time to time pursuant to Section 6.10 hereof which is hereby incorporated into this Part by reference.

PART THREE

PLEDGE OF COLLATERAL

Section 3.1. Collateral: Borrower hereby assigns to and grants the Government a security interest in the following collateral (the Collateral) as security for the performance of its obligations under this Loan Agreement:

"Exhibit A"

Section 3.2. After-Acquired Property: Borrower hereby assigns to and grants the Government a security interest in all additions, substitutions and replacements of the Collateral, now or hereafter acquired. As used in this Loan Agreement, the term "Collateral" includes such after-acquired property.

Section 3.3. Proceeds of Collateral: The assignment and pledge of Collateral in Sections 3.1 and 3.2 of this Part shall also include the proceeds thereof; however, disposition of Collateral is not authorized by this Section.

PART FOUR

COVENANTS OF BORROWER

Section 4.1. Payment of Note: The Borrower shall pay the Government when due all sums owed by the Borrower under the Note, as well as any additional promissory notes of the Borrower held or insured by the Government.

Section 4.2. Loan Resolution: The Borrower will fully observe and perform all of the covenants contained in Sections 5 and 7 of its Loan Resolution dated February 29, 1988 and adopted by its governing body on Form FmHA 1942.9, (the Loan Resolution), and all of such covenants are hereby incorporated by the reference into this Loan Agreement.

Section 4.3. Preservation of Collateral: The Borrower will keep all of the Collateral in good condition and free from all encumbrances and will not do, or suffer to be done, any act or thing whereby the security interest created hereby might or could be impaired.

Section 4.4. Sale or Disposition of Collateral: Except in the ordinary course of its business, the Borrower will not attempt to sell, lease, or dispose of the Collateral or any part thereof, or to remove the same from its premises without the prior written consent of the Government. The Borrower will permit the Government and its representatives to inspect the same at any reasonable time, it being understood that so long as the Borrower is not in default it may retain possession and at its own expense keep and use the Collateral, subject to all the terms and conditions herein or made a part hereof.

Section 4.5. Taxes: The Borrower will pay, when due, all taxes, assessments and other charges lawfully levied or assessed upon the Collateral.

Section 4.6. Other Obligations: In case at any time, either before or after the date hereof, the Borrower acquires any equipment under another security interest or lease, it will make all payments under that other security interest or lease as and when due and payable.

Section 4.7. Further Assurances: At all times the Borrower will do, execute, acknowledge and deliver, all further acts, deeds and assurances as the Government shall reasonably require for the better assuring and confirming unto the Government, the security interest in the Collateral, and the rights, privileges and remedies hereby created granted or assigned. The Borrower will also warrant and defend the security interest created by this Loan Agreement against all claims and demands of all persons.

Section 4.8. Additional Equipment: The Borrower will, upon acquiring any additional equipment, promptly notify the Government of the acquisition, stating the nature, description, cost and amount of equipment so acquired, and it will upon request of the Government, at the Borrower's own expense, promptly execute and deliver to the Government additional agreements or financing statements as required by the Government.

Section 4.9. Financing Statements: The Borrower will join with the Government in executing one or more financing statements in form satisfactory to the Government and will pay the cost of filing the same or filing or recording this Agreement in all public offices wherever filing or recording is deemed by the Government to be necessary or desirable. In addition, the Borrower also hereby authorizes the Government to file financing statements without Borrower's signature.

Section 4.10. Discrimination Prohibited: The Borrower will not cause or permit discrimination, in the use of its services or occupancy of its premises because of race, color, creed, sex or national origin.

Section 4.11. Dissolution: The Borrower will, in the event that it has been organized as a non-profit corporation and subsequently is dissolved or ceases to carry out the objectives or purposes set forth in its organizational papers, see that all of its business, property and assets shall go and be distributed to one or more non-profit corporations or public bodies as may be selected by its governing body and approved by at least 75% of its members, to be used for, and devoted to, the purpose of a community facility project or other purpose to serve the public welfare of the community; and in no event shall the Borrower cause or permit any of its assets or property, in the event of dissolution, to be distributed to members, directors, stockholders, or others having financial or managerial interests in the Borrower, either for the reimbursement of any sum subscribed, donated or contributed by such persons or for any other purposes. However, nothing in this section shall prohibit the Borrower from paying its just debts.

Section 4.12. Protection and Disposition of Funds: On or before the closing of the Loan, the Borrower will establish the accounts called for in Section 4 of the Loan Resolution and thereafter will make the deposits and transfers called for therein.

Section 4.13. Use of Loan Proceeds: The Borrower will use the proceeds of the Loan to finance the Project and will diligently pursue the completion of the construction and/or acquisition or Project:

Section 4.14. Compliance with Laws: The Borrower will comply with all applicable statutes, regulations, orders and restrictions of the United States of America, the state in which the Facility is located, municipalities of such state, and agencies and instrumentalities of the foregoing, with respect to the conduct of its operations and activities and the ownership of its Facility, except such as are being contested in good faith.

PART FIVE

DEFAULTS AND REMEDIES

Section 5.1. Event of Default Defined: Each of the following events is hereby declared to be an "Event of Default":

5.1.1. If the payment of any installment of principal and interest on the Note shall not be made when the same shall become due and payable, either at maturity or by proceedings for prepayment or otherwise.

5.1.2. If Borrower shall discontinue for more than 60 days or unreasonably delay or fail to carry on with reasonable dispatch the completion of the construction of the Project.

5.1.3. If Borrower shall for any reason be rendered incapable of fulfilling its obligations hereunder.

5.1.4. If the Facility (as defined in the Loan Resolution) or any substantial part thereof shall be condemned, destroyed, or damaged to the extent of impairing its efficient operation or adversely affecting its gross revenues and for any reason shall not be promptly repaired, replaced, rebuilt, or reconstructed.

5.1.5. If judgment for the payment of money shall be rendered against Borrower as the result of its ownership or operation of the Facility, or any of Borrower's other operations, and the judgment shall not be discharged within 60 days from the entry thereof and an appeal shall not be taken in a manner so as to stay decree or process for the enforcement thereof.

5.1.6. If any order or decree shall be entered, with the consent or acquiescence of Borrower appointing a receiver or receivers of the Facility, or the revenues from the Facility, or if an order or decree, having been entered without the acquiescence or consent of Borrower, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

5.1.7. If any proceeding shall be instituted with the consent or acquiescence of Borrower for the purpose of effecting a composition between Borrower and its creditors or for the purpose of adjusting the claims of those creditors pursuant to any Federal or State statute now or hereafter in effect, if the claims of the creditors are under any circumstances payable from the revenues of the Facility or in any way effect the financial stability of the Facility.

5.1.8. If the Government determines that any of the Borrower's representations contained in the Loan Instruments, the Loan application, the Loan closing papers or any written or oral communication submitted by it to the Government were false or materially misleading.

5.1.9. If Borrower shall default in the due and punctual performance of any covenants, conditions, agreements or provisions contained in any Loan Instrument or any other security instrument of Borrower held or insured by the Government, and the default is either incurable or, if curable, shall continue for thirty days after written notice, specifying the default and requiring that it be remedied, shall have been filed with Borrower by the Government or by an uninsured holder of the Note.

Section 5.2. Remedies Upon Default: Upon the happening of any Event of Default, the Government and/or any uninsured holder of the Note shall have all of the rights and remedies contained in the Loan Instruments, and such rights and remedies shall be in addition to and not in lieu of all other rights and remedies which may be afforded to the Government and any uninsured holder of the Note by any applicable state or federal laws and/or regulations.

Section 5.3. Protective Advances: If taxes or other assessments against any of the Collateral remain unpaid after the date fixed for the payment of the same without penalty or interest, or if any lien be claimed which in the opinion of the Government, or if any lien be claimed which in the opinion of the Government, or its counsel, would create a valid obligation having priority over the security interest created herein, or if any insurance premiums be at any time overdue, the Government may pay such taxes, assessments, claims or insurance premiums and any other amounts proper to protect or preserve the Collateral. The amount paid plus interest at the highest rate provided in the Note shall be added to the secured indebtedness.

Section 5.4. Right of Possession: Upon the occurrence of an Event of Default, the Government may enter upon the Borrower's premises to take immediate possession of the Collateral and there maintain possession thereof, until the completion of the sale, delivery or other disposition thereof, or may remove the equipment therefrom. Any expenses incurred by the Government in exercising its rights under this Section shall be added to the secured indebtedness and shall bear interest at the highest rate provided in the Note.

Section 5.5. Collections: Upon the occurrence of an Event of Default, the Government may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose and realize upon Collateral insofar as it shall consist of accounts receivable, contract rights, insurance policies, instruments, chattel paper, choses in action or the like. The Government may receive, open and dispose of mail addressed to the debtor and endorse notes, checks, drafts, money orders, documents of title or other evidence of payment of any form of Collateral on behalf of and in the name of the Borrower.

Section 5.6. Liquidation Proceeds: In the event that the Government liquidates the Collateral, as permitted by the Loan Agreement, the proceeds of any liquidation sale shall be applied in the following order: first, to the expenses of retaking, holding, preparing for sale, selling and the like; second, to payment of any prior liens required by law or competent court to be paid; third, to the indebtedness secured hereby; fourth, to inferior liens of record in the order of their priority; fifth, at the Government's option to any other indebtedness of the Borrower owing to or insured by the Government; and the surplus, if any, to the Borrower; but in the event there remains an unsatisfied portion of the indebtedness of the Borrower to the Government, the Borrower shall remain liable for the deficiency.

Section 5.7. Remedies Cumulative: No remedy conferred by this Loan Agreement is intended to be exclusive of any other remedy conferred by law or by any other instrument securing the

Loan, and every remedy shall be cumulative and in addition to every other remedy therein or now or hereafter existing in equity, at law, by statute or by government regulation. The waiver by the Government of any Event of Default shall not operate as a waiver of any other Event of Default or as a waiver of the occurrence of the same Event of Default on a future occasion.

PART SIX

MISCELLANEOUS

Section 6.1. Federal Criminal Laws: Violation of the Borrower's covenants set forth in Sections 4.3 and 4.4, restricting sale or encumbrance of the Collateral, in addition to constituting an "Event of Default" under Section 5.1 of this Loan Agreement, may also constitute a violation of Federal criminal laws.

Section 6.2. Contract with Government and Holder of Note: The provisions of the Loan Instruments shall constitute a contract and security agreement between Borrower and the Government for as long as the Government is the holder or insurer of the Note and any portion of the principal of the Note or the interest thereon remains outstanding and unpaid. In the event that the Government is neither a holder nor insurer of the Note, then and only then shall the Loan Instruments constitute a contract between Borrower and the holder of the Note.

Section 6.3. Limitations on Notice: Any provisions in any Loan Instrument for the giving, filing, mailing, or delivery of notice or other papers shall be deemed fully complied with if and when such notice or other papers are sent by certified mail (postage prepaid), unless otherwise required by law, addressed as set forth below:

Borrower's Address Springfield Water Association, Inc.
Springfield
West Virginia 26763

Government's Address Farmers Home Administration
400 Davis Avenue
Elkins, WV 26241

The parties may change the addresses in this Section by giving notice of the change in the manner set forth above.

Section 6.4. Amendments: The Loan Instruments may not be amended or modified except in writing executed by an authorized representative of the party against whom such amendment is being

enforced. All amendments shall clearly identify the Loan Instrument to which they pertain. They shall also be numbered sequentially beginning with "Amendment 1" and be dated.

Section 6.5. Headings and Table of Contents: Any headings in the Loan Instruments and the Table of Contents to this Loan Agreement are solely for convenience of reference and shall not constitute a part of the Loan Instruments, nor shall they affect their meaning, construction, or effect.

Section 6.6. Severability: The provisions of this Loan Agreement are hereby declared to be severable. If any court of competent jurisdiction shall hold any provisions hereof to be invalid and unenforceable, that holding shall not affect any other provisions of this instrument.

Section 6.7. Effective Date: This Loan Agreement shall take effect immediately.

Section 6.8. Applicable Laws: The Loan Instruments shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions thereof. The Loan Instruments shall be governed by federal law, to the extent pertinent, and in all other respects by the laws of the state in which the Project is located.

Section 6.9. Nature of Loan Agreement: This Loan Agreement shall constitute a security agreement as defined in the Uniform Commercial Code. To the extent that any of the Collateral is of a type which can be assigned, the Borrower hereby assigns such Collateral to the Government subject, however, to the right reserved to the Borrower to use, possess, collect and apply such Collateral prior to any Event of Default.

Section 6.10. Subsequent Loans: In the event that the Government shall ever determine to make one or more such loans by adopting new resolutions on Form FmHA 1942-9. Such resolutions adopted on Form FmHA 1942-9 shall constitute an amendment of the Loan Agreement and any indebtedness incurred pursuant to them shall be automatically added to the indebtedness secured by this Loan Agreement. In the event that the Government requires the Borrower to put up collateral not already pledged under Sections 3.1 and 3.2 of this Loan Agreement, then such collateral may be included in such sections by having the Borrower sign a description of such collateral and attaching the signed description to this Loan Agreement.

Section 6.11. Forms: In the event that any of the government forms referred to herein or in any of the other Loan Instruments are revised, redesignated, or renumbered, then such

references shall be deemed to include such revised, redesignated or renumbered forms, as they may be in effect from time to time, but only to the extent that they do not conflict with the express provisions hereof or of the other Loan Instruments.

Section 6.12. Loan Instruments, Definition and Relationship. The term "Loan Instruments" as used in this Loan Agreement collectively refers to this Loan Agreement, the Deed of Trust of even date herewith, the Note and Loan Resolution, including any future amendments thereof or supplements thereto, and any related financing statements. In case of any discrepancies or inconsistencies among the Loan Instruments, the Note shall control the Mortgage; the Mortgage shall control the Loan Agreement; and the Loan Agreement shall control the Loan Resolution. For purposes of the Uniform Commercial Code, this Loan Agreement, the Loan Resolution and the Mortgage collectively constitute one security agreement between the Government and the Borrower.

IN WITNESS WHEREOF, Borrower has caused this Loan Agreement to be executed on its behalf by its President, and its Secretary, all on this 22nd day of September, 19 89, being the date of the execution and delivery of the Note.

(CORPORATE SEAL)

ATTEST: *M. T. Wilson*
Secretary

By *James E. Mills*
James E. Mills
President

"EXHIBIT A"

TO LOAN AGREEMENT

All contract rights, accounts, general intangibles, gross receipts, gifts, pledges, income and revenue now or hereafter in existence, including the proceeds thereof.

All of Debtor's supplies, inventory, furnishings, furniture, fixtures, equipment, machinery, motor vehicles, and all other tangible assets of every nature or description now owned or hereafter acquired together with all appurtenant furnishings and equipment, including all accessions, additions, repairs, and replacements in any way relating to Debtor's use or operation of a water facility in or around Springfield, West Virginia.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961 if the box opposite "Association" is checked under the heading "KIND OF LOAN", or pursuant to Title V of the Housing Act of 1949 if the box opposite "LH - Organization" or "RRH - Organization" is checked. This note shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

ENDORSEMENT "Shawmut Bank, N.A., as 1987 A Trust
Pay to the order of Trustee on behalf of the Community Program Loan Trust 1987 A."
without recourse, except as provided in a certain Loan Sale Agreement
between the Government and the Purchaser.

District Director
(Title)
(CORPORATE SEAL)
ATTEST
Samuel C. Peters
(Signature of Attesting Official)
Secretary
(Title of Attesting Official)

By: Lawrence A. Bell
Springfield Water Association, Inc.
(Name of Borrower)
M. L. Grace
(Signature of Executive Official)
President
(Title of Executive Official)
(Post Office Box No. or Street Address)
Springfield, West Virginia 26763
(City, State, and ZIP Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 23,000	October 23, 1970	(6) \$ 23,000	October 23, 1970
(2) \$ 35,000	11-19-70 <i>mmb</i>	(7) \$	
(3) \$ 35,000	December 1970	(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL			

PAY TO THE ORDER OF The First National Bank of Harrisburg, Harrisburg, Illinois

Pay to the order of the United States of America. Without recourse.

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

The First National Bank of Harrisburg.

By Sarah J. Baker

BY H. W. Hacker

H. W. HACKER
INSURED LOAN OFFICER
(Title)

REAL ESTATE DEED OF TRUST FOR WEST VIRGINIA
(INSURED LOANS TO INDIVIDUALS)

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COPY

THIS INDENTURE, made and entered into this day, October 23, 1970
(Date)

by and between the undersigned Springfield Water Association, Inc., a corporation organized
and existing under the laws of the State of West Virginia

residing in Hampshire County, West Virginia, whose post office address
is Springfield, West Virginia 26763,

as grantor(s), herein called "Borrower," and J. Kenton Lambert, State Director of the

Farmers Home Administration for the State of West Virginia, whose residence address is Tucker County,
West Virginia, and his successors in office as State Director or Acting State Director, as trustee, herein called "Trustee,"
and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture,
beneficiary, herein called the "Government," WITNESSETH THAT:

WHEREAS, Borrower is justly indebted to the Government as evidenced by one or more certain promissory note(s) or
assumption agreement(s), herein called "note" (if more than one note is described below, the word "note" as used herein
shall be construed as referring to each note singly or all notes collectively, as the context may require), said note being
executed by Borrower, being payable to the order of the Government in installments as specified therein, authorizing
acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and being further
described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
October 23, 1970	\$93,000.00	5%	October 23, 2010

and
WHEREAS, the note evidences a loan to Borrower in the principal amount specified therein, made with the purpose and
intention that the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated
Farmers Home Administration Act of 1961, or Title V of the Housing Act of 1949; and

WHEREAS, when payment of the note is insured by the Government, it may be assigned from time to time and each holder
of the insured note, in turn, will be the insured lender; and

WHEREAS, when payment of the note is insured by the Government, the Government will execute and deliver to the
insured lender along with the note an insurance endorsement insuring the payment of all amounts payable to the insured
lender in connection with the loan; and

WHEREAS, when payment of the note is insured by the Government, the Government by agreement with the insured lender
set forth in the insurance endorsement may be entitled to a specified portion of the payments on the note, to be designated
the "annual charge"; and

WHEREAS, a condition of the insurance of payment of the note will be that the holder will forego his rights and remedies
against Borrower and any others in connection with the loan evidenced thereby, as well as any benefit of this instrument,
and will accept the benefits of such insurance in lieu thereof, and upon the Government's request will assign the note to the
Government; and

WHEREAS, it is the purpose and intent of this instrument that, among other things, at all times when the note is held by
the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument
shall secure payment of the note; but when the note is held by an insured lender, this instrument shall not secure payment of
the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to
secure the Government against loss under its insurance endorsement by reason of any default by Borrower:

NOW, THEREFORE, in consideration of the loan(s) **BORROWER DOES HEREBY GRANT, BARGAIN, SELL, CONVEY,
AND ASSIGN UNTO TRUSTEE WITH GENERAL WARRANTY THE FOLLOWING-DESCRIBED PROPERTY SITUATED IN**

THE STATE OF WEST VIRGINIA, COUNTY(IES) OF Hampshire
(type description in Capital letters):

All that certain tract or parcel of real estate situate near the Town of Springfield, in Springfield District, West Virginia, and more particularly bounded and described as follows:

Beginning at a yellow poplar, corner located approximately 1160 feet from a wooden bridge leading to Sam Peters' Sawmill and further described as a corner of Westvaco Smith tract and Sam Peters' Sawmill Seat Tract; thence S. 27 E., 141 feet to a stake; thence N. 63 E., 100 feet to a rock pile; thence N. 27 W., 251 feet to a rock pile; thence S. 15 30 W. to the beginning.

And being the same real estate that was conveyed unto Springfield Water Association, Inc. a corporation, by deed of Westvaco Corporation, a corporation, dated the 16th day of June, 1970, and of record in the Office of the Clerk of the County Court of Hampshire County, West Virginia, in Deed Book No. 187, at Page 33.

Together with all the real estate and assets comprising the waterworks system of Springfield Water Association, Inc., consisting of wells, sites, tanks, pumping stations, pipelines, meters, rights of way, and easements including, but not limited to, those three of record in the Office of the Clerk of the County Court of Hampshire County, West Virginia, in Deed Book 186 at Pages 122, 126, and 615, and all fixed equipment and appurtenances thereto in the County of Hampshire, State of West Virginia, all personal property reasonably necessary to the use thereof, including its franchise from the Public Service Commission, and all such properties and assets the Springfield Water Association, Inc., may hereafter acquire, with like effect as though now owned by the Corporation and as though covered and conveyed hereby by specific and apt descriptions, together with all revenues and service charges which may arise or be had from the operation of the said waterworks system.

TOGETHER WITH ALL RIGHTS, INTERESTS, EASEMENTS, HEREDITAMENTS AND APPURTENANCES THEREUNTO BELONGING, THE RENTS, ISSUES, AND PROFITS THEREOF AND REVENUES AND INCOME THEREFROM, ALL IMPROVEMENTS AND PERSONAL PROPERTY NOW OR LATER ATTACHED THERETO OR REASONABLY NECESSARY TO THE USE THEREOF, ALL WATER, WATER RIGHTS, AND WATER STOCK PERTAINING THERETO, AND ALL PAYMENTS AT ANY TIME OWING TO BORROWER BY VIRTUE OF ANY SALE, LEASE, TRANSFER, CONVEYANCE, OR CONDEMNATION OF ANY PART THEREOF OR INTEREST THEREIN--ALL OF WHICH ARE HEREIN CALLED "THE PROPERTY";

TO HAVE AND TO HOLD the property unto Trustee, his successors, grantees and assigns forever and in fee simple;

IN TRUST, NEVERTHELESS, (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured lender, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance endorsement by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement.

BORROWER for himself, his heirs, executors, administrators, successors and assigns WARRANTS the property unto Trustee for the benefit of the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured lender Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) At all times when the note is held by an insured lender, any amount due and unpaid under the terms of the note, less the amount of any annual charge, may be paid by the Government to the holder of the note as provided in the note and insurance endorsement for the account of Borrower. Any amount due and unpaid under the terms of the note, whether it is held by the Government or by an insured lender, may be credited by the Government on the note and thereupon shall constitute an advance by the Government for the account of Borrower. Any advance by the Government as described in this paragraph shall bear interest at the note rate from the date on which the amount of the advance was due to the date of payment to the Government.

(4) WHETHER OR NOT THE NOTE IS INSURED BY THE GOVERNMENT, THE GOVERNMENT MAY AT ANY TIME PAY ANY OTHER AMOUNTS REQUIRED HEREIN TO BE PAID BY BORROWER AND NOT PAID BY HIM WHEN DUE, AS WELL AS ANY COSTS AND EXPENSES FOR THE PRESERVATION, PROTECTION, OR ENFORCEMENT OF THIS LIEN, AS ADVANCES FOR THE ACCOUNT OF BORROWER. ALL SUCH ADVANCES SHALL BEAR INTEREST AT THE RATE BORNE BY THE NOTE WHICH HAS THE HIGHEST INTEREST RATE.

(5) ALL ADVANCES BY THE GOVERNMENT AS DESCRIBED IN THIS INSTRUMENT, WITH INTEREST, SHALL BE IMMEDIATELY DUE AND PAYABLE BY BORROWER TO THE GOVERNMENT WITHOUT DEMAND AT THE PLACE DESIGNATED IN THE LATEST NOTE AND SHALL BE SECURED HEREBY. No such advance by the Government shall relieve Borrower from breach of his covenant to pay. Such advances, with interest, shall be repaid from the first available collections received from Borrower. Otherwise, any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by, delivered to, and retained by the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

(12) Neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as beneficiary hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured lender shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may extend and defer the maturity of and renew and reamortize the debt evidenced by the note or any indebtedness to the Government secured hereby, release from liability to the Government any party so liable thereon, release portions of the property from and subordinate the lien hereof, and waive any other rights hereunder, without affecting the lien or priority hereof or the liability to the Government of Borrower or any other party for payment of the note or indebtedness secured hereby except as specified by the Government in writing.

(15) The power to appoint a substitute trustee is hereby granted to the Government and its assigns, to be exercised at any time hereafter, without notice and without specifying any reason therefor, by filing for record in the office where this instrument is recorded an instrument of appointment, whereupon the substitute trustee shall succeed to all the estates, rights, powers, and trusts herein granted to or vested in Trustee, and the former trustee or substitute trustee shall be divested thereof; and notice of the exercise of this power and any requirement of, or right to require, a bond from any trustee hereunder, are hereby waived.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property or other, security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, a bankrupt, or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, and (d) authorize and request Trustee to foreclose this instrument and sell the property as provided by law.

(18) At the request of the Government, Trustee may foreclose this instrument by advertisement and sale of the property as provided by law, for cash or secured credit at the option of the Government, personal notice of which sale need not be served on Borrower; such sale may be adjourned from time to time without other notice than oral proclamation at the time and place appointed for such sale and correction made on the posted notices; and at such sale the Government and its agents may bid and purchase as a stranger; Trustee at his option may conduct such sale without being personally present, through his delegate authorized by him for such purpose orally or in writing, and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through his delegate duly authorized in accordance herewith.

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(19) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(20) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

(21) As against the debt evidenced by the note and any indebtedness to the Government hereby secured, with respect to the property, Borrower (a) hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, curtesy, homestead, valuation, appraisal, and exemption, to which Borrower is or becomes entitled under the laws and constitution of the jurisdiction where the property lies, and (b) hereby agrees that any right provided by such laws or constitution for redemption or possession following foreclosure sale shall not apply, and that no right of redemption or possession shall exist after foreclosure sale.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration, United States Department of Agriculture, at Morgantown, West Virginia 26505, and in the case of Borrower to him at his post office address stated above.

(24) To comply with all provisions of the loan resolution adopted by the Directors of Borrower on October 23, 19 70, a copy of which has been filed with the Government.

WITNESS the hand(s) and seal(s) of Borrower the day and year first above written.

(CORPORATE SEAL)

ATTEST:

SPRINGFIELD WATER ASSOCIATION, INC. (SEAL)

Nancy C. Miller

Secretary (XXXXXX)

By *Walter L. Grace* (SEAL)

President

STATE OF WEST VIRGINIA

COUNTY OF HAMPSHIRE

ss: ACKNOWLEDGMENT

20.11.70
I, William H. Ansel, Jr., a Notary Public in and for the County and State aforesaid, do certify that Walter L. Grace, Jr., President, and Samuel E. Peters, and Secretary Springfield Water Association, Inc.

whose name(s) is (are) signed to the writing above, bearing date on the 23rd day of October, 19 70, has (have) this day acknowledged the same before me in my said County.

Give under my hand this 23rd day of October, 19 70.

(SEAL)

My commission expires: March 18, 1977
State of West Virginia,
County of Hampshire,

Wm. H. Ansel, Jr.

(Notary Public)

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The form of this instrument was prepared by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of _____



Attorney at Law

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State West Virginia			
County Hampshire			
Case No. 57-014-0000327325			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

- KIND OF LOAN:
- ASSOCIATION - ORGANIZATION
 - HOUSING - ORGANIZATION
 - PUBLIC BODY
 - OTHER

91-02
COPY

Date September 22, 19 89

FOR VALUE RECEIVED, Springfield Water Association, Inc.
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government") at its office in Elkins,
West Virginia, or at such other place as the Government may hereafter designate in

writing, the principal amount of TWO HUNDRED SIXTY THOUSAND ----- dollars
(\$ 260,000.00-----), plus interest on the unpaid principal balance at the rate of FIVE percent
(05.0000 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

- \$ Interest Only on September 22, 19 90,
- \$ Interest Only on September 22, 19 91,
- \$ XXXXXXXXXXXXXXXX on XXXXXXXXXXXXXXXXXXXX, 19 XX,
- \$ 1,277.00 on October 22, 19 91, and
- \$ 1,277.00 thereafter on the 22 of each Month

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable Forty (40) years from the date of this note, and except that prepayments may be made as provided below. 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 reverse hereof.

Every payment made on any indebtedness evidenced by this note 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 Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note 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 of 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 hereto, 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.

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.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING - ORGANIZATION" is checked. This note shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

(CORPORATE SEAL)

ATTEST:

Wm T. Milleson
 William T. Milleson (Signature of Attesting Official)
 Secretary (Title of Attesting Official)

SPRINGFIELD WATER ASSOCIATION, INC.

James E. Mills (Name of Borrower)
 James E. Mills (Signature of Executive Official)
 President (Title of Executive Official)

(Post Office Box No. or Street Address)
 Springfield, West Virginia 26763
 (City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) 30,000.00	09-22-89	(6) \$ 17,000.00	03- 13 -90
(2) \$ 44,000.00	10- 25 -89	(7) \$	
(3) \$ 77,000.00	11-13 -89	(8) \$	
(4) \$ 63,000.00	12-11-89	(9) \$	
(5) \$ 29,000.00	02-12-90	(10) \$	
TOTAL		\$260,000.00	

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA
 FARMERS HOME ADMINISTRATION

BY _____

25279

CORPORATE REAL ESTATE DEED OF TRUST FOR WEST VIRGINIA

THIS DEED, made this day, September 22, 1989, among Grantor, Springfield Water Association, Inc., a non-profit corporation organized and existing under the laws of the State of West Virginia, whose address is Springfield, West Virginia 26763 (the Borrower), and John C. Musgrave, State Director of the Farmers Home Administration for the State of West Virginia, whose residence address is Mason County, West Virginia, and his successors in office as State Director, as trustee (the Trustee) for the benefit of the United States of America (the Government), acting through the Farmers Home Administration, United States Department of Agriculture, WITNESSETH THAT:

The Government has lent the Borrower money as evidenced by one or more promissory note(s). If more than one note is described below, the work "Note" as used herein shall be construed as referring to each note singly or all notes collectively, as the context may require and all of them shall have equal lien under this instrument without regard to their priority in time, maturity or otherwise. The Note has been executed by the Borrower, is payable to the order of the Government in installments as specified therein, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the Borrower, and is further described as follows:

COPY

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
Oct. 23, 1970	\$ 93,000.00	05.0000%	October 23, 2010
Sept. 22, 1989	\$260,000.00	05.0000%	September 22, 2029

The Government may assign the Note at any time. The Government may also insure the payment of the Note pursuant to the Consolidated Farm and Rural Development Act.

Whenever the Note is held either by the Government or by an uninsured holder, this instrument shall secure payment of the Note. Whenever the Note is held by a insured holder, however, this instrument shall not secure payment of the Note or attach to the underlying debt. In that event, this instrument shall constitute an indemnity mortgage to secure any payments to an insured holder of the Note or other advances which the Government may be required to make upon default by the Borrower. The insured holder shall have no right, title or interest in or to the lien of this instrument or its benefits. This instrument

also secures the Borrower's obligations and covenants under other instruments delivered in connection with the loan evidenced by the Note, including the Borrower's Loan Agreement of even date and its Loan Resolution referred to therein, both of which are hereby incorporated herein by reference. The Note, Loan Agreement, Loan Resolution and this instrument together with any supplements, amendments, attachments, modifications, additions and related financing statements are collectively referred to as the "Loan Instruments".

The lien of this instrument shall extend to and cover all property and property rights, real or personal and of whatever character or nature, that may at any time hereafter be acquired, owned, held, possessed, or enjoyed in any manner by Borrower in or on the premises described below.

NOW THEREFORE, in consideration of the loan(s) as evidenced and described by the Note described above the Borrower does hereby grant, assign, and convey to the Trustee, his successors, grantees and assigns, in fee simple forever, the following property:

ALL that real estate in Hampshire County(ies), West Virginia, and being more particularly described as follows:

- (1) All that property described in a Deed of Trust dated October 23, 1970, and recorded in Deed of Trust Book 70 at Page 224
- (2) All that real estate and assets comprising a water distribution system as shown on the plans drawn by Stultz & Associates, Inc. consisting of 13 sheets dated March, 1988.

This instrument also secures the obligations and covenants of the Borrower set forth in Borrower's Loan Resolutions of October 23, 1970, and February 29, 1988.

TOGETHER with all easements and rights of way used in connection with the premises or as a means of access thereto.

TOGETHER with all improvements now on the premises or hereafter placed thereon, including, without limitation, all heating, lighting, refrigeration, plumbing, ventilating, incinerating, water heating, cooling and air-conditioning equipment and apparatus and all appurtenances now and hereafter placed or installed within or about such improvements, and all renewals, replacements, and substitutions therefor, all of which are hereby deemed a part of the realty.

TOGETHER with all fixtures, machinery, appliances, and equipment of every nature and kind whether now on the premises or hereafter to be placed or installed therein or thereon, appurtenant to the buildings erected or to be erected on the premises and intended for the use of occupants, all of which are hereby deemed a part of the realty as between Borrower and the Government, their successors and assigns, and a portion of the security for the indebtedness herein mentioned and to be conveyed by this instrument.

TOGETHER with all chattels and articles of personal property owned by Borrower in, or used in connection with, the operation, possession, and enjoyment of, the premises, whether attached or unattached to the freehold, including all chattels and articles of personal property hereafter acquired by Borrower or any subsequent owner of the premises in addition to, substitution for, or replacement of any of the chattels or articles of personal property now in, or used in connection with, the premises. This instrument shall constitute a security agreement with respect to any and all of the above-described chattels and articles of personal property. At the request of the Government, Borrower shall join with the Government in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to Government, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by Government.

TOGETHER with the rents, issues, and profits of the premises, subject, however, to the right reserved by Borrower to collect and apply such rents, issues, and profits prior to any default hereunder.

PROVIDED, HOWEVER, that with respect to any goods above which are or become fixtures and proceeds thereof this instrument shall also serve as a fixture filing pursuant to §46-9-402(6) of the West Virginia Code without the necessity of filing a fixture financing statement under the Uniform Commercial Code.

All of the foregoing property is hereinafter collectively referred to for convenience of reference as the "Encumbered Property."

IN TRUST, to secure (a) payment of the Note in accordance with its terms, including any extensions or renewals thereof, whenever the Note is held by either the Government or by an uninsured holder; (b) repayment, with interest, of any payments, advances and expenditures made by the Government (c) performance of every covenant and agreement of the Borrower's contained in this or any other Loan Instrument; and (d) all future advances, whether obligatory, protective or voluntary, made to the Borrower by the Government from time to time.

The Borrower, for itself, its successors and assigns, WARRANTS the Encumbered Property to the Trustee against the lawful claims of all persons whose claims are not based upon liens, encumbrances, easements or reservations specified above.

The Borrower, for itself, its successors and assigns, COVENANTS AND AGREES as follows:

(1) Borrower will promptly pay any indebtedness secured by this instrument when due.

(2) Borrower will indemnify the Government against any loss which the Government may incur as a result of making payments to an insured holder of the Note after the Borrower's default.

(3) Borrower will pay the Government any fees or other charges required under regulations of the Farmers Home Administration.

(4) Borrower will pay when due all taxes, liens, judgments, encumbrances and assessments lawfully attaching to or assessed against the Encumbered Property, and, without demand, will also provide the Government with proof of those payments.

(5) Borrower will pay the Government for any expenses necessary or incidental to (a) the protection of the lien or priority of any Loan Instrument and to (b) the enforcement of or compliance with the provisions of any Loan Instrument.

"Expenses" includes (without limitation) costs of evidence of title, surveys, recording fees, attorneys' fees and trustees' fees, as well as court costs and expenses of advertising, selling and conveying the Encumbered Property or any portion of it.

(6) Borrower will use the loan evidenced by the Note solely for the purpose authorized by the Government.

(7) Borrower will keep the Encumbered Property insured as required by the Government and will deliver the originals of all insurance policies to the Government for safekeeping if so requested.

(8) Borrower will comply with all laws, ordinances and regulations affecting the Encumbered Property and the conduct of Borrower's business operations.

(9) Borrower will maintain the Encumbered Property in good repair and make any repairs the Government may require.

(10) Borrower will operate the Encumbered Property in a good and efficient manner and will comply with management plans and practices which the Government may prescribe from time to time.

(11) Borrower will not abandon the Encumbered Property; effect waste, lessening, or impairment of the Encumbered Property; or cut, remove or lease any timber, gravel, oil, gas, coal or other minerals.

(12) Borrower will not (except as may be authorized in the Loan Agreement or as may be in the ordinary course of business) lease, assign, sell, transfer or further encumber the Encumbered Property or any nonexpendable part thereof, voluntarily or otherwise, either in whole or in part, without the prior written consent of the Government. This covenant may be modified by the Loan Agreement and does not preclude any lease, assignment, sale, transfer or further encumbrance of the Encumbered Property in the ordinary course of the Borrower's business.

(13) The premises described herein was obtained or improved through Federal financial assistance. The Encumbered Property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the premises continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Borrower owns it, whichever is longer.

(14) If at any time it shall appear to the Government that the Borrower may be able to obtain a loan from a production credit association, a federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for the loans for similar purposes and period of time, the Borrower will, upon the Government's request, apply for and accept a loan in sufficient amount to pay the Note and any other indebtedness secured by this instrument and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such a loan.

(15) The Government may require the Borrower to make additional monthly payments equal to one-twelfth of the estimated taxes, assessments, insurance premiums and other charges upon the Encumbered Property.

(16) The Government and its agents may inspect the Encumbered Property at reasonable times to ascertain whether the Borrower is fulfilling its obligation under this or any other Loan Instrument.

(17) The Government may at any time pay as advances for the Borrower's account any amounts which the Borrower is obligated to pay under any Loan Instrument and any expenses incurred by the Government in enforcing or protecting the Government's rights hereunder. The Government may exercise this right regardless of whether the Note is insured and regardless of whether advances exceed the face amount of the Note. Advances by the Government pursuant to the terms of this paragraph shall bear interest at the rate borne by the Note which bears the highest interest rate. Advances, with interest, shall be immediately due and payable by the Borrower at the place designated in the latest Note. Advances under this paragraph shall neither relieve the Borrower of its obligation to pay nor cure any default under any Loan Instrument. Such advances, together with interest accruing on them, shall automatically become a part of the mortgage debt secured by this instrument.

(18) To the extent specified by the Government in writing, the Government in its sole discretion may grant an extension of the time for payment or reamortize the indebtedness secured by any Loan Instrument, release any party from liability to the Government, release portions of the Encumbered Property from the lien of any Loan Instrument, and waive any other Government right under any Loan Instrument without affecting the lien or priority of any Loan Instrument or the liability of the Borrower or any other party for payment of the indebtedness secured by any Loan Instrument.

(19) The Government and its assigns are empowered to appoint a substitute trustee at anytime. This power may be exercised without giving any notice or rationale for its use. THE BORROWER WAIVES notice of the exercise of this power and any requirement of, or right to require, a bond from any substitute trustee. The power to appoint a substitute trustee shall be exercised by filing an instrument of appointment in the office where this instrument is recorded, whereupon the substitute trustee shall succeed to all the estates, rights, powers and trusts granted to or vested in the Trustee and the former trustee or substitute Trustee shall be divested.

(20) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise.

(21) The Government will not be bound by any present or future state laws (a) providing for valuation, appraisal, or exemption of the Property; (b) prohibiting or restricting an action for deficiency judgment or limiting the judgment amount which may be awarded; (c) prescribing any statute of limitations; (d) allowing any right of redemption or possession the Government may impose by regulation as a condition of approving a transfer of the Encumbered Property to a new borrower. THE BORROWER WAIVES THE BENEFIT OF ANY SUCH STATE LAWS.

(22) Should the Borrower DEFAULT on any of its obligations under any Loan Instrument; breach any of its warranties or covenants under any Loan Instrument; merge, dissolve, be the benefit of creditors, the Government may without notice (a) accelerate the entire indebtedness secured by this instrument by declaring it immediately due and payable; (b) charge the Borrower's account for any reasonable expenses which the Government may pay or incur to maintain and repair the Encumbered Property; (c) operate or rent the Encumbered Property and apply any moneys received to the Borrower's account; (d) have a receiver appointed for the Encumbered Property who may exercise the usual powers of receivers in similar cases; and (e) authorize the Trustee to foreclose this and any other Loan Instrument and sell the Encumbered Property as a business unit without any requirement for marshalling of assets and without regard to whether the Encumbered Property is realty or personalty.

(23) At the request of the Government, the Trustee may foreclose this instrument by advertisement and sale of the Encumbered Property as provided by law, for cash or secured credit as the Government may desire. Except to the extent it may be required by law, personal notice of sale need not be served on the Borrower. The sale may be adjourned from time to time without notice other than oral proclamation at the time and place originally appointed for the sale and written correction made on the posted notices. At the sale the Government and its agents may bid any purchase as a stranger. The Trustee, at his option, may conduct the sale without being personally present. The Trustee may authorize a delegate for that purpose, either orally or in writing. The Trustee's execution of a conveyance of all or part of the Encumbered Property to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted in accordance with the provisions of the Loan Instruments, either by the Trustee personally or through his duly authorized delegates.

(24) Proceeds of a foreclosure sale pursuant to any Loan Instrument shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions of any Loan Instrument; (b) any prior liens; (c) all indebtedness to the Government secured by this instrument; (d) inferior liens of record in their order of priority; (e) at the Government's option, any other indebtedness of the Borrower owing to or insured by the Government, and (f) any balance to Borrower.

(25) If the Government is the successful bidder at a foreclosure sale under any Loan Instrument, any portion of the purchase price not owed to a third party may be paid by crediting that amount on any debts of the Borrower which are owed to or insured by the Government.

(26) The rights and remedies provided in this instrument are cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity, by statute or by regulation.

(27) A waiver, amendment, release or modification of this instrument may be effected only by a writing which has been duly executed by the Government and shall not be established by conduct, custom or course of dealing.

(28) This instrument shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this instrument, and shall be construed and enforced in accordance with applicable federal law. In all other respects, this instrument shall be governed by the laws of the State in which it is recorded.

(29) Default under this instrument shall constitute a default under any other instruments of the Borrower held or insured by the Government and default under any other instrument constitutes default under this instrument.

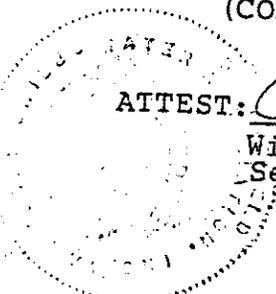
(30) The invalidity or unenforceability of any portion of this instrument shall not effect the validity or enforceability of the remaining portion of this instrument.

(31) Notices to the Borrower shall be sent to its address as shown on the first page of this instrument. Notices to the Government shall be addressed to the Farmers Home Administration, United States Department of Agriculture, 400 Davis Avenue, Elkins, West Virginia. For the purposes of §39-1-2 of the West Virginia Code, the immediately preceding address shall be deemed to be the address of the beneficial owner of the debt secured. Notices shall be sent by certified mail (postage prepaid) unless otherwise required by law. The Government and the Borrower may designate any further or different addresses to which subsequent notices shall be sent.

(32) In the event that the Government at its option desires to extend additional credit to the Borrower from time to time, then the lien of this instrument shall automatically be extended to cover such indebtedness. The Borrower shall evidence its consent by the execution and delivery of a Loan Resolution on Form FmHA 1942-9 and an additional note on Form FmHA 440-22, or their equivalents. In the event that at the time of the additional borrowing, the laws of the state in which this instrument is recorded do not permit such future advances to enjoy the lien of this instrument, then the Borrower shall execute and deliver an additional deed of trust. Future deeds of trust may be in statutory form, with such additional provisions, either expressed or incorporated by reference to this deed of trust, as the Government and the Borrower agree upon. Nothing contained in this section shall be construed to require the Government to evidence and secure obligatory advances under the Note or protective advances under this instrument with additional notes and deeds of trust.

IN WITNESS WHEREOF, the Borrower has caused this Deed of Trust to be executed by its President and its corporate seal to be affixed and attested by its Secretary, all as of the date first written above.

(CORPORATE SEAL)



ATTEST: Wm T. Milleson
William T. Milleson
Secretary

By James E. Mills
James E. Mills
President

ACKNOWLEDGMENT

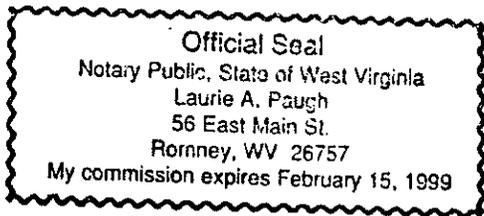
STATE OF WEST VIRGINIA)
COUNTY OF HAMPSHIRE) ss:

I, Laurie A. Paugh, a notary public in and for the state and county aforesaid, do certify that on this 22nd day of September, 1989, before me appeared James E. Mills and William T. Milleson, to me personally known, who being by me duly sworn, did acknowledge before me in my county aforesaid that they are the President and Secretary of Springfield Water Association, Inc., a Corporation and that the seal affixed to the foregoing Deed of Trust is the corporate seal of the corporation, and that the Deed of Trust was signed and sealed by them on behalf of the corporation by authority of its governing board, and they acknowledged the Deed of Trust to be the free act and deed of the corporation.

Given under my hand and official seal this 22nd day of September, 1989.

(NOTARIAL SEAL)

My term of office as Notary expires Feb. 15, 1999.



Laurie A. Paugh
Notary Public

The form of this instrument was prepared by the Office of the General Counsel of the United States Department of Agriculture, and the materials in the blank spaces in the form was inserted by or under the direction of

Delmes M. Goldizen
(NAME)

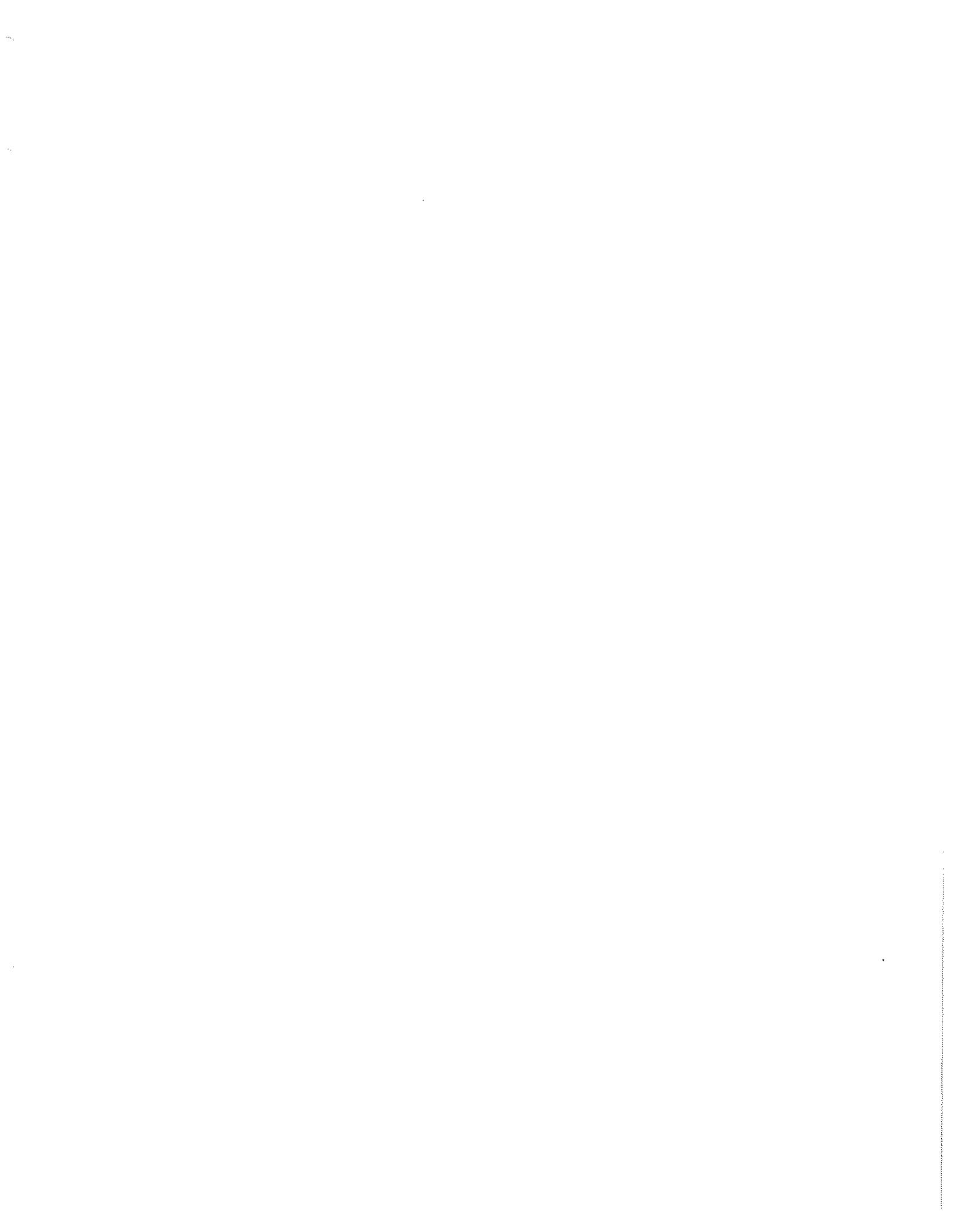
District Loan Specialist
(TITLE)

STATE OF WEST VIRGINIA, County of Hampshire, to-wit:

It is remembered that on the 22nd day of September, 1989, at 1:55 P M., this Need of Trust was presented in the Clerk's Office of the County Commission of said County and with the certificate thereof annexed, admitted to record.

Attest Nancy C Fuller Clerk
County Commission, Hampshire County, W. Va.

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 92553-89





United States Department of Agriculture
Rural Development
West Virginia State Office

June 30, 2006

Green Spring Valley Public Service District
Water Revenue Bonds, Series 2006 B
(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 Series 1970 Bonds and Series 1989 Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2006 B (United States Department of Agriculture) (the "Series 2006 B Bonds"), in the original aggregate principal amount of not more than \$591,000 by Green Spring Valley Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2006 B Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of \$93,000 (the "Series 1970 Bonds") and the Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of \$260,000 (the "Series 1989 A Bonds"), collectively referred to herein as 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 2006 B Bonds or the Series 2006 B Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Series 2006 B Resolution.

A handwritten signature in black ink, consisting of a series of connected loops and curves, positioned above a horizontal line.

Authorized Representative

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).



Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1635
Fax (304) 340-4702

Green Spring Valley Public Service District
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

CONSENT OF BRANCH BANKING AND TRUST COMPANY

The undersigned duly authorized representative of the Branch Banking and Trust Company, the registered owner of the entire outstanding principal amount of the Prior Bonds, as hereinafter defined and described, hereby consents to (i) the issuance of the Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), in the original principal amount of \$591,000, by the Green Spring Valley Public Service District (the "Issuer"), under the terms of the Resolution authorizing the Series 2006 B Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Refunding Bonds, Series 2006 A (the "Prior Bonds").

WITNESS my signature on this 30th day of June, 2006.

BRANCH
BANKING AND TRUST COMPANY

By: 
Its: Authorized Representative

The District proposed to meet the bid overrun through an increase in its Small Cities Block Grant by \$50,000, and increase its RUS grant by \$368,000. The District filed commitment letters from both of the granting entities.

The District further requested approval to refinance two outstanding GMAC loans, one from 1983, and the other from 1985, with outstanding balances of approximately \$260,000, both carrying an interest rate of 5%, and with repayment terms of 2023, and 2025, respectively. The District proposed to refinance into one loan from Branch Banking & Trust (BB&T) at 4.76%, with a maturity date in 2017. To meet the debt service obligations on the refinanced GMAC loans, the District requested a rate increase of 6.2% over and above the 24.5% rate increase approved in the November 3, 2005, final order.

On May 19, 2006, Commission Staff filed an Initial and Final Joint Staff Memorandum in this case. Staff recommended that the Commission reopen this case; approve the revised project cost of \$2,543,000; approve the increased Small Cities Block Grant funding of \$50,000; approve the increased RUS grant funding of \$368,000; permit the refinancing of two GMAC loans into one BB&T loan in the amount of \$260,000, at 4.76% for a 10 year repayment term; and approve an additional 6.2% rate increase for the District, to take effect upon substantial completion of the certificate project.

On June 7, 2006, and June 9, 2006, the District filed a faxed and an original affidavit of publication evidencing that notice of the petition to reopen describing the additional grant funding, as well as the proposed refinancing, and additional 6.2% rate increase, was published in the *Hampshire Review* on May 17, 2006. The protest period expired on June 16, 2006.

On June 14, 2006, the District filed a letter clarifying that refinancing of its GMAC loans is an "absolute requirement" to obtaining its Small City Block Grant financing for the project. The District also indicated that on June 14, 2006, it mailed to each of its customers notice of the petition to reopen in the form of Form No. 14 of the Commission's Rules of Practice and Procedure, including an approximate ten (10) day protest period ending June 26, 2006. The District also explained the urgency of its request for expedited treatment noting that interest rates on its USDA loans are likely to rise on July 1, 2006. The District asked that in the absence of substantial protest, the Commission issue an order granting this petition to reopen on June 29, 2006.

As of the date of this Order, no protests to the petition to reopen have been filed.

DISCUSSION

In view of the District's publication and notice of this petition to reopen, and the absence of protests thereto, and as Commission Staff has reviewed the grant funding for the project, and has deemed the refinancing of the GMAC loans to be prudent, the Commission finds it reasonable and appropriate to reopen this proceeding, approve the revised grant financing for the project, approve the refinancing of existing debt, and authorize increased rates and charges as set forth on the tariff attached hereto as Attachment A.

FINDINGS OF FACT

1. The District seeks to reopen this proceeding and requests authority to: increase the amount of its Small Cities Block Grant; increase the amount of its RUS grant; refinance two outstanding loans from General Motors Acceptance Corporation (GMAC); and further increase rates. The District stated that it received bids that were \$418,000 in excess of the approved funding.
2. The District proposes to meet the bid overrun through an increase in its Small Cities Block Grant by \$50,000, and increase its RUS grant by \$368,000. The District filed commitment letters from both of the granting entities.
3. The District further requested approval to refinance two outstanding GMAC loans into one loan from Branch Banking & Trust (BB&T) at 4.76%, with a maturity date in 2017.
4. To meet the debt service obligations on the refinanced GMAC loans, the District requested a rate increase of 6.2% over and above the 24.5% rate increase approved in the November 3, 2005, final order.
5. On May 19, 2006, Commission Staff filed an Initial and Final Joint Staff Memorandum in this case. Staff recommended that the Commission reopen this case; approve the revised project cost of \$2,543,000; approve the increased Small Cities Block Grant funding of \$50,000; approve the increased RUS grant funding of \$368,000; permit the refinancing of two GMAC loans into one BB&T loan in the amount of \$260,000, at 4.76% for a 10-year repayment term; and approve an additional 6.2% rate increase for the District, to take effect upon substantial completion of the certificate project.
6. On June 7, 2006, and June 9, 2006, the District filed a faxed and an original affidavit of publication evidencing that notice of the petition to reopen describing the

additional grant funding, as well as the proposed refinancing, and additional 6.2% rate increase, was published in the *Hampshire Review* on May 17, 2006. The protest period expired on June 16, 2006.

7. On June 14, 2006, the District filed a letter clarifying that refinancing of its GMAC loans is an "absolute requirement" to obtaining its Small City Block Grant financing for the project. The District also indicated that on June 14, 2006, it mailed to each of its customers notice of the petition to reopen in the form of Form No. 14 of the Commission's Rules of Practice and Procedure, including an approximate ten (10) day protest period ending June 26, 2006. The District also explained the urgency of its request for expedited treatment noting that interest rates on its USDA loans are likely to rise on July 1, 2006. The District asked that in the absence of substantial protest, the Commission issue an order granting this petition to reopen on June 29, 2006.

8. As of the date of this Order, no protests to the petition to reopen have been filed.

CONCLUSION OF LAW

In view of the District's publication and notice of this petition to reopen, and the absence of protests thereto, and as Commission Staff has reviewed the grant funding for the project, and has deemed the refinancing of the GMAC loans to be prudent, the Commission finds it reasonable and appropriate to reopen this proceeding, approve the revised grant financing for the project, approve the refinancing of existing debt, and authorize increased rates and charges as set forth on the tariff attached hereto as Attachment A.

ORDER

IT IS THEREFORE ORDERED that the Green Spring Valley Public Service District's petition to reopen this certificate proceeding is hereby granted.

IT IS FURTHER ORDERED that revised financing for the project is hereby approved as follows:

Small Cities Block Grants:	\$1,364,000 (original)
	50,000 (new)
Rural Utilities Service (RUS) grants:	170,000 (original)
	368,000 (new)
RUS loan, 40 yrs at 4.75%	<u>591,000</u>
Total project costs:	\$2,543,000

IT IS FURTHER ORDERED that the District is authorized to refinance two existing GMAC loans with an outstanding balance of approximately \$260,000, both carrying an interest rate of 5%, and with repayment terms ending in 2023, and 2025, respectively, into a single loan from BB&T bank, at an interest rate of 4.76%, with a maturity date in 2017.

IT IS FURTHER ORDERED that an additional project related rate increase of 6.2%, over and above the 24.5% rate increase approved in the November 3, 2005, final order, is approved to take effect upon substantial completion of the project. The approved rates are reflected on Attachment A hereto. The Utility shall file with the Commission a proper tariff and five (5) copies within thirty (30) days from the date of substantial completion.

IT IS FURTHER ORDERED that, except as modified herein, the November 3, 2005, Order remains in full force and effect.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order by facsimile upon counsel for Green Spring Valley Public Service District and upon all parties of record by First Class United States Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:



Sandra Squire
Executive Secretary

JML/ljm
050606ca.wpd

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
CASE NUMBER 05-0606-PWD-CN

APPROVED TARIFF

APPLICABILITY

Applicable in the entire territory served.

AVAILABILITY

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

(I) RATE

First 3,000	gallons used per month	\$8.81 per 1,000 gallons
Next 3,000	gallons used per month	7.83 per 1,000 gallons
Next 4,000	gallons used per month	7.02 per 1,000 gallons
Next 10,000	gallons used per month	6.09 per 1,000 gallons
Over 20,000	gallons used per month	5.21 per 1,000 gallons

(I) MINIMUM CHARGE

No minimum bill will be rendered for less than \$26.43 per month which is the equivalent of 3,000 gallons of water.

5/8	inch meter	\$ 26.43 per month
3/4	inch meter	39.65 per month
1	inch meter	66.07 per month
1 -1/2	inch meter	132.15 per month
2	inch meter	211.44 per month
3	inch meter	396.45 per month
4	inch meter	660.75 per month
6	inch meter	1,321.50 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 and applicant.

A tap fee of \$150.00 will be charged to all customers who apply 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 an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$250.00 will be charged to all customers who apply 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.

LEAK ADJUSTMENT INCREMENT

\$0.73 per 1,000 gallons 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 consumption above customer's historical average usage.

(I) Indicates Increase



LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Green Spring Valley PSDAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water System Improvement Project

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Green Spring Valley PSD
(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

pursuant to the provisions of Chapter 16, Article 13 A; 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 \$538,000.

under the terms offered by the Government; that 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.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Green Spring Valley PSD has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 28 day of June, 2006

Green Spring Valley PSD

(SEAL)

By [Signature]

Attest: [Signature]

Title Chairman

Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the Green Spring Valley PSD

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 28 day of June, 2006; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of June 30, 2006, 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 30 day of June, 2006



Title Chairman

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

RECEIPT FOR BOND

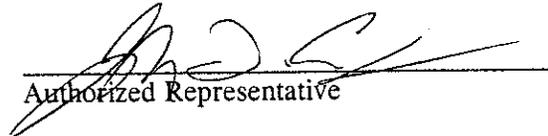
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 30th day of June, 2006, at Green Spring, West Virginia, the undersigned received for the Purchaser the single, fully registered Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), No. BR-1, in the principal amount of \$591,000 (the "Bonds"), dated the date hereof, bearing interest at the rate of 4.375% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Public Service Board of Green Spring Valley Public Service District (the "Issuer").

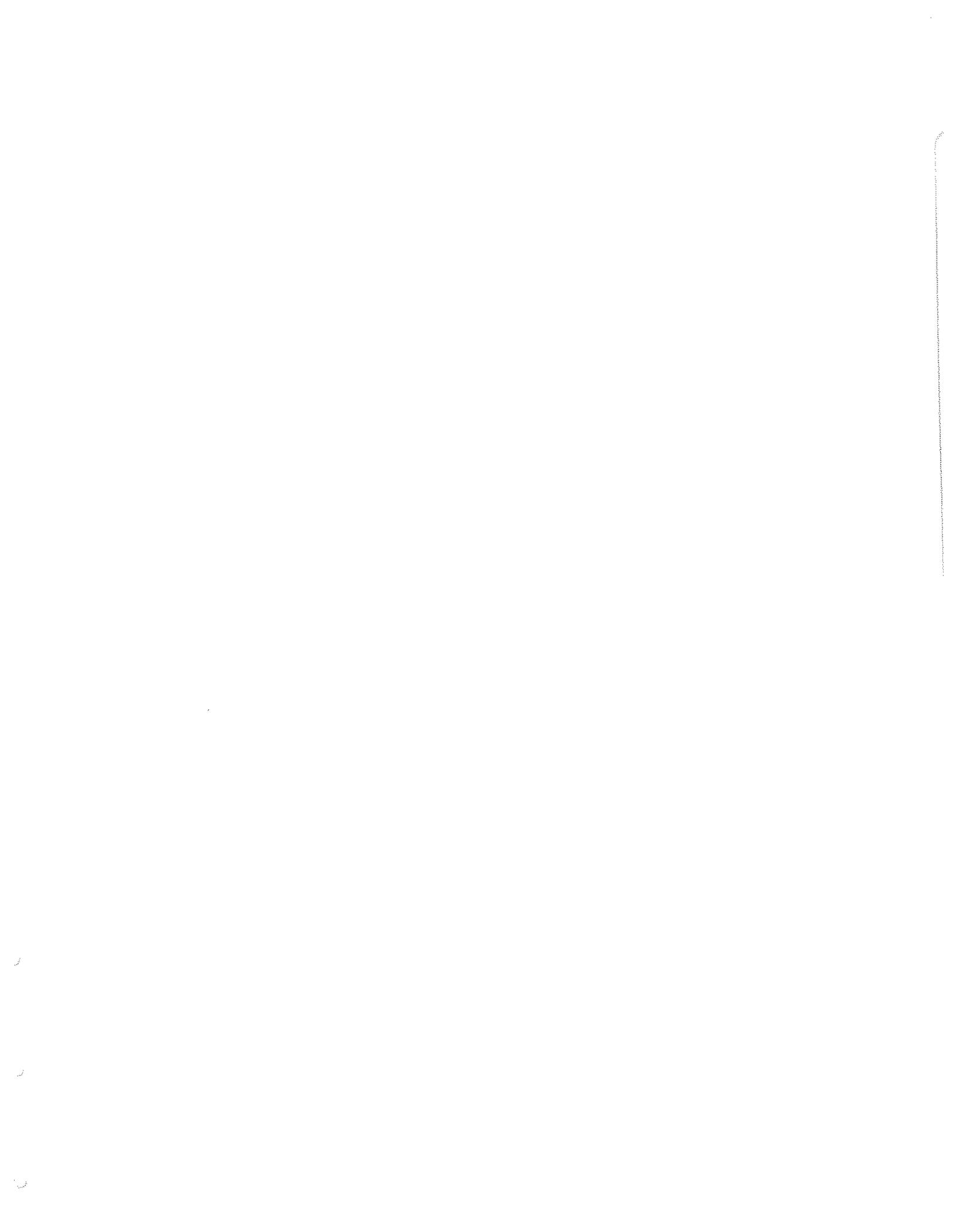
3. At the time of such receipt, there was paid to the Issuer the sum of \$60,000, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 30th day of June, 2006.


Authorized Representative

06.12.06
354410.00001





SPECIMEN

UNITED STATES OF AMERICA
GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2006 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$591,000

No. BR-1

Date: June 30, 2006

FOR VALUE RECEIVED, GREEN SPRING VALLEY 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 FIVE HUNDRED NINETY-ONE THOUSAND DOLLARS (\$591,000), plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 28 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 \$2,666, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid on the 28th day of the month, 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 28, 2006, 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.

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2006 B BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BEING THE (i) WATER SYSTEM NOTE, SERIES 1970 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1970, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$93,000 (THE "SERIES 1970 BONDS"), (ii) THE WATER SYSTEM NOTE, SERIES 1989 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$260,000 (THE "SERIES 1989 A BONDS"), AND (iii) WATER REFUNDING BONDS, SERIES 2006 A (BRANCH BANKING AND TRUST COMPANY), DATED JUNE 29, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$238,197 (COLLECTIVELY, THE "PRIOR BONDS").

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds 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.

IN WITNESS WHEREOF, GREEN SPRING VALLEY 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.

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: *Mark Ruff*
Its: Chairman

SPECIMEN

ATTEST:

Roger D. Williams
Secretary, Public Service Board

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:





Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoeh-johnson.com

Writer's Contact Information

June 30, 2006

Green Spring Valley Public Service District
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

Green Spring Valley Public Service District
Green Spring, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Green Spring Valley Public Service District in Hampshire County, West Virginia (the "Issuer"), of its \$591,000 Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted June 28, 2006 (the "Resolution"). 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 a duly created and validly existing 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 Bonds.

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 Bonds, on a parity with the Issuer's (i) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of \$93,000 (the "Series 1970 Bonds") (ii) the Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of \$260,000 (the "Series 1989 A Bonds"); and (iii) Water Refunding Bonds, Series 2006 A (Branch Banking

& Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of \$238,197 (collectively, the "Prior Bonds").

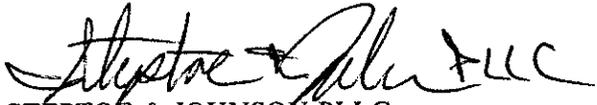
4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

5. The Bonds have 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 Bonds 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 Bonds.

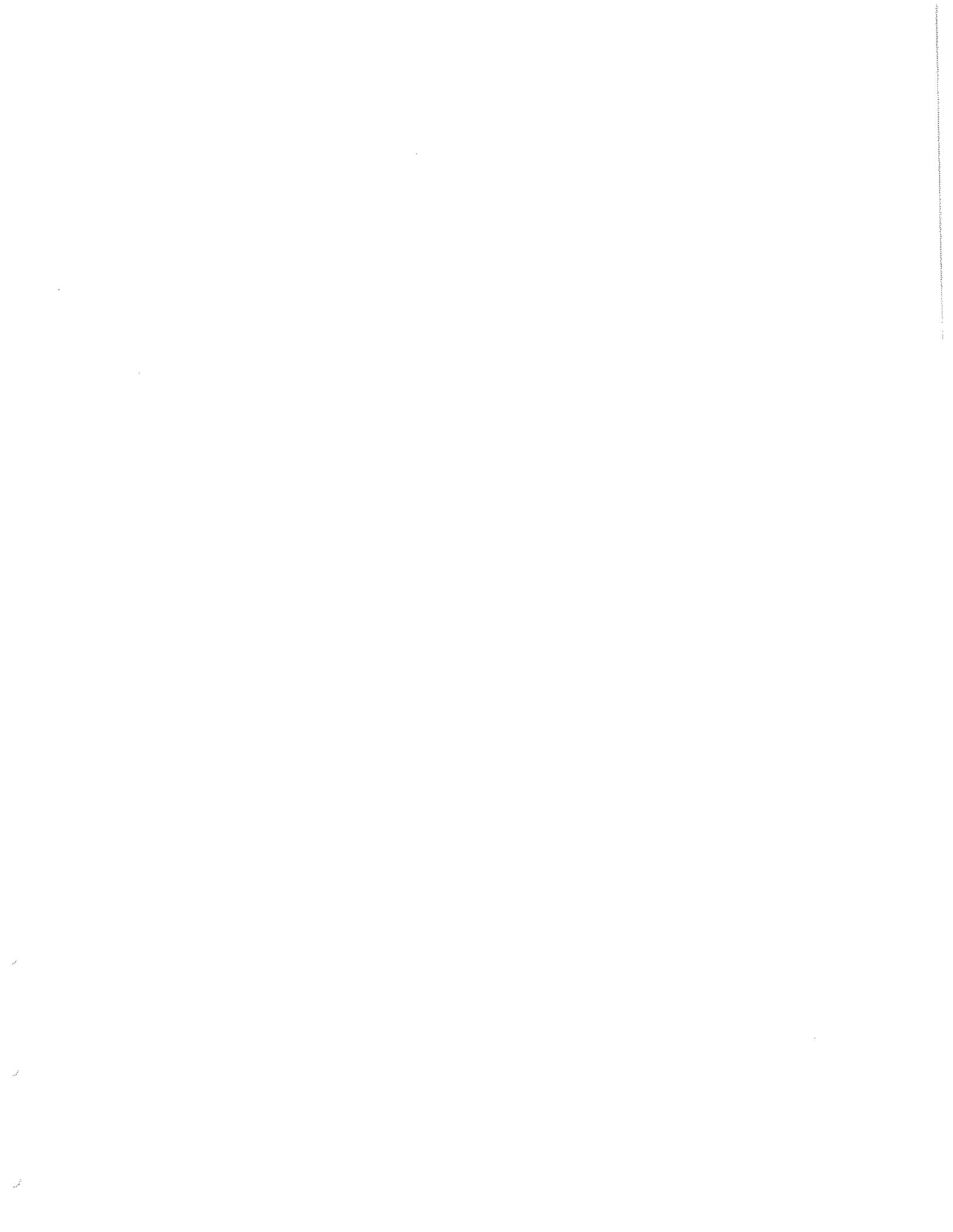
6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, 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 their enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,



STEPTOE & JOHNSON PLLC



CARL, KEATON & FRAZER, PLLC

ATTORNEYS AT LAW
56 E. MAIN STREET
ROMNEY, WEST VIRGINIA 26757

H. CHARLES CARL, III
WILLIAM C. KEATON
JULIE A. FRAZER
WILLIAM H. ANSEL, JR. (1914-1988)

(304) 822-4187
(304) 822-3028
FAX (304) 822-7871

June 30, 2006

Green Spring Valley Public Service District
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

Green Spring Valley Public Service District
Green Spring, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Stephoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Green Spring Valley Public Service District, a public service district in Hampshire 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 duly adopted June 28, 2006 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Hampshire relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

We are of the opinion 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. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, to the best of my knowledge, 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 permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds,

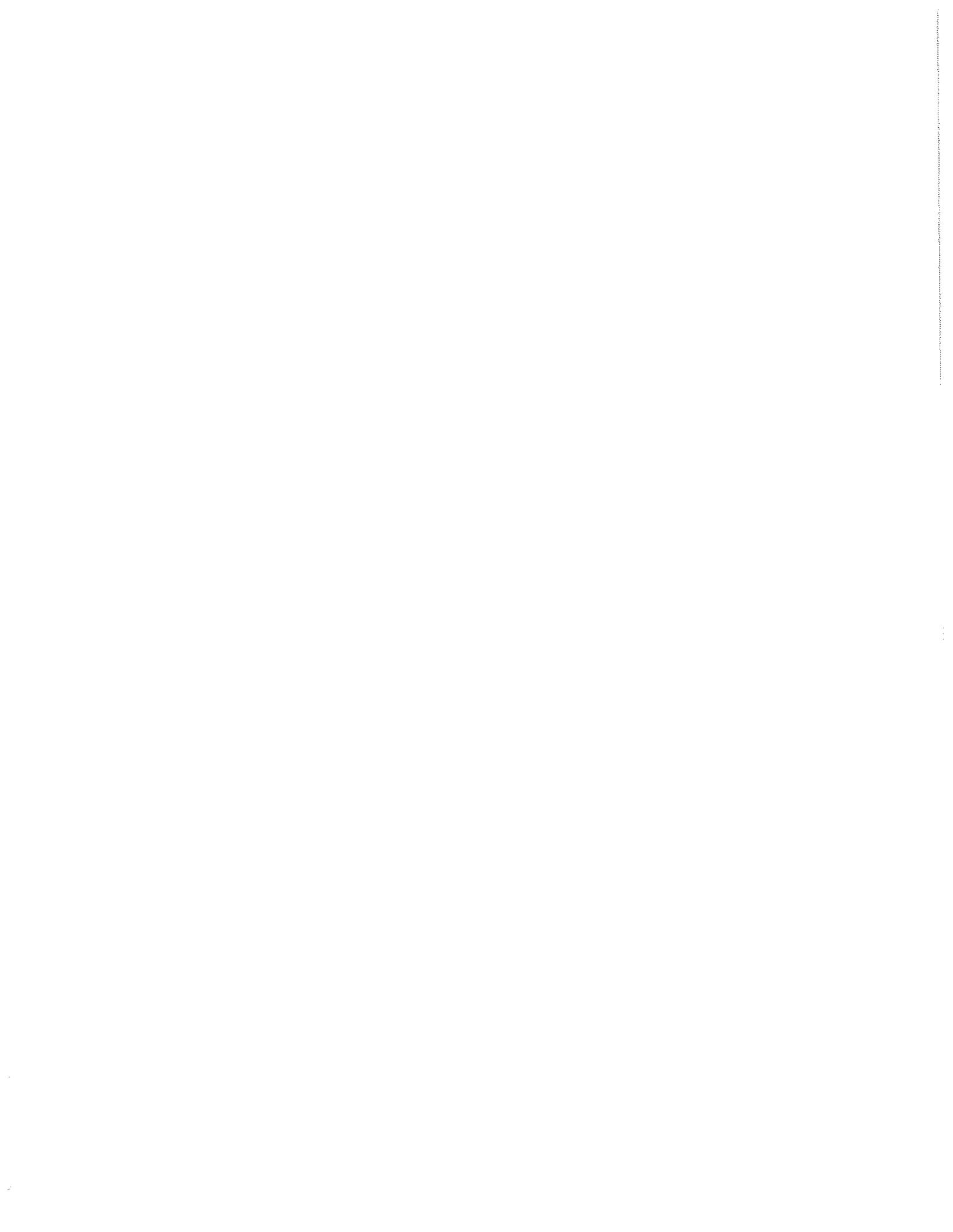
the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Hampshire and the Public Service 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.

6. To the best of my knowledge, after due inquiry, there is no 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 Bonds or the Resolution, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Net Revenues therefor.

Very truly yours,

A handwritten signature in black ink, appearing to read 'H. Charles Carl, III', written in a cursive style.

H. Charles Carl, III



GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
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. GRANTS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Green Spring Valley Public Service District in Hampshire County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 30th day of June, 2006, in connection with the Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), No. BR-1, dated the date hereof, fully registered, in the principal amount of \$591,000 and bearing interest at the rate of 4.375% per annum (the "Bonds" or the "Series 2006 B Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: 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 Bonds 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 of the Purchaser, dated August 12, 2002, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted June 28, 2006 authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

which rank prior to or on a parity with the Series 2006 B Bonds as to liens, pledge and/or source of and security for payment.

Prior to the issuance of the Series 2006 B Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2006 B Bonds on a parity with the Prior Bonds. 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.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Bonds on the date hereof, officially execute and seal the Bonds 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 Bonds 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

Prior Bond Resolutions

Consent of RUS to Issuance of Parity Bonds

Consent of BB&T to Issuance of Parity Bonds

Public Service Commission Orders

United States Department of Agriculture Loan Resolution

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution, with Notice of Public Hearing

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Grant Agreement

Evidence of Small Cities Block Grant

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Green Spring Valley Public Service District" and its principal office and place of business are in Hampshire 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>
Mark Puffinburger	July 1, 2004	June 30, 2007
Roger Whisner	July 1, 2004	June 30, 2009
Gary Bradfield	January 1, 2006	June 30, 2011

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2006 as follows:

Chairman	-	Mark Puffinburger
Secretary	-	Roger Whisner
Treasurer	-	Gary Bradfield

The duly appointed and acting Attorney for the Issuer is H. Charles Carl, III, Esquire, Romney, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Bonds were delivered to the Purchaser at Green Spring Valley, West Virginia,

by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Bonds 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 Bonds, the amount of \$60,000 was received by the undersigned Chairman, being a portion of the principal amount of Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.375% per annum is payable from the date of each such advance.

The Bonds 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 Bonds.

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 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 of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer will serve at least 448 bona fide full-time users upon the System on completion, 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. GRANTS: As of the date hereof, the grants from the United States Department of Agriculture in the amount of \$170,000 and the subsequent grant of \$368,000 and the Small Cities Block Grant in the amount of \$1,414,000 are committed and in full force and effect.

15. 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.

16. 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.

17. 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.

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official seal of GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT on the day and year first written above.

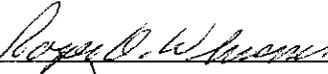
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman



Secretary



Attorney for Issuer

H. Charles Carl, III

06.13.06
354410.00002

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

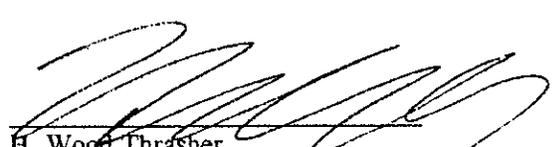
I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Green Spring Valley Public Service District (the "Issuer"), to be acquired and constructed in Hampshire County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

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 the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

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 can and will be obtained.

WITNESS my signature on this 30th day of June, 2006.

THRASHER ENGINEERING, INC.


H. Wood Thrasher
West Virginia License No. 9478

06.12.06
354410.00001



J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

June 29, 2006

Green Spring Valley Public Service District
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

Green Spring Valley Public Service District
Green Spring, West Virginia

United States Department of Agriculture
Parkersburg, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia in Case No. 05-0606-PWD CN, entered June 29, 2006, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., the Consulting Engineer to Green Spring Valley Public Service District (the "Issuer"), it is my opinion that such rates and charges 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 Prior Bonds, as defined in the Bond Resolution, and the Water Revenue Bonds, Series 2006 B (United States Department of Agriculture) (the "Bonds"), and all the necessary expenses of operating and maintaining the System during such Fiscal Year.

It is my further opinion that (i) 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 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds, and (ii) the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds.

Very truly yours,

J.C. KUNKLE & ASSOCIATES, A.C.

Martinsburg, West Virginia

164 Lina Lane ■ Martinsburg, WV 25405

304/263-9299 ■ Fax 304/267-7032 ■ e-mail: jckunkle@jckunkleassociates.com

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Be it resolved and ordered that pursuant to the provisions of Section 2, Article 13-A, Chapter 16 of the Code of West Virginia, as amended, it is hereby proposed that a public service district be created in that part or portion of Springfield District of the County of Hampshire, State of West Virginia, to be known as Green Spring Valley Public Service District, and which is more particularly described and bounded as follows:

Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence, by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence, by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence, with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence, S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said county line; thence, S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said county line, said way being generally known as the Goldsborough Road; thence, S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 feet to the beginning.

It is further ordered that the 11 day of August, 1981, at 9:00 A.M. at the Court House in Romney, West Virginia, shall be and the same is hereby fixed as the time and place for a hearing wherein any interested citizen who lives within the proposed Green Spring Valley Public Service District may appear to either voice his approval or objection to the creation of the public service district aforesaid, and every such citizen will be given an opportunity to be heard.

And it is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with the name of and a description of the territory to be included within the bounds of said district, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, as a Class I legal advertisement in compliance with the provisions of Section I, Article 3, Chapter 59 et seq of this code, which said publication shall be at least ten days prior to the day of the hearing herein fixed.

It is further ordered that the Clerk of this Court shall cause all publication costs relative thereto to be paid out of the contingent funds of this Court or out of any other funds available, or to be made available for that purpose.

Hampshire County Commission

July 24, 1981

By James E. Miller
President

WILLIAM H. ANSEL, JR.
ATTORNEY AT LAW
MARTINSBURG, WEST VIRGINIA

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Be it resolved and ordered that pursuant to the provisions of Section 2, Article 13A, Chapter 16 of the Code of West Virginia, as amended, it is hereby proposed that the Green Spring Valley Public Service District be enlarged to include that part or portion of Springfield District of the County of Hampshire, State of West Virginia, known as the town of Springfield and area south to the South Branch River, and which is more particularly described by the hereby amended metes and bounds as follows:

Beginning at the southern terminus of the bridge crossing the South Branch River District, Hampshire County, West Virginia, thence by direct line, N. 32 15E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45W., 15,312.0 feet to a point; thence S. 65 15W., 4224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County line; thence S. 30 15W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said County line, said way being generally known as the Goldsborough Road; thence continuing with the County boundary line between Mineral and Hampshire County southwesterly crossing West Virginia Route 28 and following the meandering of the County line approximately 34,320 feet to its intersection with West Virginia Secondary Route 28/6 near Slate Lick Knob lookout tower and thence, leaving said County line and following the center line of West Virginia Secondary Route 28/6 approximately 21,120 feet to a point where the West Virginia Route 28/6 meets the South Branch River at the mouth of Broad Run, thence leaving the road perpendicularly to the mouth of Broad Run and continuing along the meanders of the low water mark of the northern edge of the South Branch River crossing West Virginia Route 28 approximately 62,061 feet to the beginning.

It is further ordered that the 26th day of April, 1999, at 7 p.m. at the Springfield VFD Community Building in Springfield, Hampshire County, West Virginia, shall be and the same is hereby fixed as the time and place for a hearing wherein any interested citizen who lives within the proposed amended Green Spring Valley Public Service District or who owns property or who has an interest within said current District or the area to be added, mainly the community of Springfield, may appear and each will be given an opportunity to be heard for and against the Green Spring Public Service District expansion.

An it is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with the name of and a metes and bounds description of the territory to be included within the bounds of said amended Public Service District, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, as a Class I legal advertisement in

compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, which said publication shall be at least ten (10) days prior to the day of the hearing herein fixed. And there shall also be posted in at least five (5) conspicuous places in the proposed District a notice containing the same information as contained in the published notice, said posted notices to be posted by a credible person or persons not less than ten (10) days before the hearing aforesaid.

And it is further ordered that the Clerk of this Court shall cause all publication costs relative thereto be paid out of the contingent funds of this Court or out of any other funds available, or to be made available for that purpose.

HAMPSHIRE COUNTY COMMISSION

April 6, 1999

By: John A. Siter
President

Be it resolved and ordered that pursuant to the provisions of Section 2, Article 13-A, Chapter 16 of the Code of West Virginia, as amended, it is hereby proposed that a public service district be created in that part or portion of Springfield District of the County of Hampshire, State of West Virginia, to be known as Green Spring Valley Public Service District, and which is more particularly described and bounded as follows:

Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence, by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence, by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,994.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence, with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence, S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said county line; thence, S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said county line, said way being generally known as the Goldsborough Road; thence, S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 feet to the beginning.

It is further ordered that the 11 day of August, 1981, at 9:00 A.M. at the Court House in Romney, West Virginia, shall be and the same is hereby fixed as the time and place for a hearing wherein any interested citizen who lives within the proposed Green Spring Valley Public Service District may appear to either voice his approval or objection to the creation of the public service district aforesaid, and every such citizen will be given an opportunity to be heard.

And it is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with the name of and a description of the territory to be included within the bounds of said district, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, as a Class I legal advertisement in compliance with the provisions of Section I, Article 3, Chapter 59 et seq of this code, which said publication shall be at least ten days prior to the day of the hearing herein fixed.

LIAM H. ANSEL, JR.
ATTORNEY AT LAW
CHET, WEST VIRGINIA

It is further ordered that the Clerk of this Court shall cause all publication costs relative thereto to be paid out of the contingent funds of this Court or out of any other funds available, or to be made available for that purpose.

Hampshire County Commission

July 24, 1981

By *James E. Miller*
President

LIAM H. ANSEL JR.
ATTORNEY AT LAW
MARTINSBURG, WEST VIRGINIA

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, Nancy C. Feller Clerk of the

County Court of Hampshire County, a Court of record in and for said County and

state, do certify that the foregoing and annexed writing is a true copy of

ORDER: Green Spring Valley Public Service District recorded

in the Clerk's Office of the said County Court on the 24th day of

July, 1981, as full and complete as the same is now

of record in said office, in Fiscal & Police Record Book

No. 12 Page 100

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said

Court (which is my Official Seal) at my office, in said County, this 2nd

day of March, 1982

Nancy C. Feller

Clerk of County Court of Hampshire County, West Virginia

** ORDER **

It appearing that on the 24th day of July, 1981, an Order was entered by this Commission proposing that a public service district be created in Springfield District, Hampshire County, West Virginia, to be known as the Green Spring Valley Public Service District, and in said Order, it was directed that a hearing be held relative to the creation of the said District on the 11th day of August, 1981, at the Courthouse in Romney, West Virginia, beginning at 9:00 a.m., and it further appearing that the date set for said hearing was nineteen (19) days from the date of entry of said Order, whereas by law a period of twenty (20) days must elapse between the entry of Order and the hearing aforesaid, and to correct said error, another Order is entered relative to the creation of said Public Service District, as follows:

Be it resolved and ordered that pursuant to the provisions of Section 2, Article 13A, Chapter 16 of the Code of West Virginia, as amended, it is hereby proposed that a public service district be created in that part or portion of Springfield District of the County of Hampshire, State of West Virginia, to be known as Green Spring Valley Public Service District, and which is more particularly described by metes and bounds as follows:

Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45 W., 15,317.0 feet to a point; thence S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County line; thence S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said County line, said way being generally known as the Goldsborough Road; thence S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 feet to the beginning.

It is further ordered that the 5th day of September, 1981, at 9:00 A.M. at the Courthouse in Romney, Hampshire County, West Virginia, shall be and the same is hereby fixed as the time and place for a hearing wherein any interested citizen who lives within the proposed Green Spring Valley Public Service District or who owns property or who has an interest in

LIAM H. ANSEL JR.
ATTORNEY AT LAW
ROMNEY, WEST VIRGINIA

property within said District may appear and each will be given an opportunity to be heard for and against its creation.

And it is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with the name of and a metes and bounds description of the territory to be included within the bounds of said District, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, which said publication shall be at least ten (10) days prior to the day of the hearing herein fixed. And there shall also be posted in at least five (5) conspicuous places in the proposed District a notice containing the same information as contained in the published notice, said posted notices to be posted by a credible person or persons not less than ten (10) days before the hearing aforesaid.

And it is further ordered that the Clerk of this Court shall cause all publication costs relative thereto to be paid out of the contingent funds of this Court or out of any other funds available, or to be made available for that purpose.

HAMPSHIRE COUNTY COMMISSION

August 11, 1981

By: James E. Miller
President

LIAM H. ANGEL, JR.
ATTORNEY AT LAW
MARTINSBURG, WEST VIRGINIA

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, Nancy C. Feller Clerk of the

County Court of Hampshire County, a Court of record in and for said County and

state, do certify that the foregoing and annexed writing is a true copy of

CORRECTED ORDER Green Spring Public Service District recorded

in the Clerk's Office of the said County Court on the 11th day of

August 1981 as full and complete as the same is now

of record in said office, in Fiscal & Police Record Book

No. 2 Page 110

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said

Court (which is my Official Seal) at my office, in said County, this 2nd

day of March 1982

Nancy C. Feller

Clerk of County Court of Hampshire County, West Virginia

It appearing that all the provisions of law relating to the creation of public service districts have been complied with, and it having been further determined that the creation of a public service district as hereafter specified is feasible, and it further appearing that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area, and it further appearing that on the 8th day of September, 1981, at 9:00 a.m., at the Courthouse in Romney, Hampshire County, West Virginia, after proper and lawful notice having been given, a hearing was held, at which time and place the citizens who lived within or who owned property or who have an interest in property situate in said district appeared and indicated that it was their desire that such district be created, and there being no objection thereto, and it further appearing that no other public service district or districts can adequately serve the area of the proposed public service district, whether by expansion, merger or other means, it is therefore ordered that, pursuant to the provisions of Article 13a, Chapter 16, of the Code of West Virginia, as amended, that a public service district be, and the same is hereby created in Hampshire County, West Virginia, to be known as Green Spring Valley Public Service District, and which is described by metes and bounds as follows:

Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence by direct line, N. 22 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County line; thence S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said County line, said way being generally known as the Goldsborough Road; thence S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 feet to the beginning.

WILLIAM H. ANSEL, JR.
ATTORNEY AT LAW
ROMNEY, WEST VIRGINIA

And from the date of the adoption of this Order, the said Public Service District shall be, and the same is by operation of law, a public corporation and political subdivision of this State with power of perpetual succession, but without power to levy or collect ad valorem taxes, and with such other powers as is now or may be authorized by law.

And it is further ordered that Lilburn W. Henderson, Robert Hott and William Ray Chesshire, properly qualified persons residing within the confines of the Green Spring Valley Public Service District, be, and they are hereby nominated, constituted and appointed members of a public service board to take charge of and to conduct the business of said Public Service District according to the powers and authority granted such public service board by the provisions of law; and the said Lilburn W. Henderson is hereby appointed to a term of six years on said board; and the said Robert Hott is appointed to a term of four years, and the said William Ray Chesshire is hereby appointed to a term of two years on said board. And it is further ordered that the members of said Public Service Board as above appointed and constituted shall appear as soon as practicable, ⁱⁿ ~~not exceeding thirty days from the date hereof,~~ ⁱⁿ before the Clerk of this Court and qualify as such by taking the oath of office as required by law.

ENTER: James E. Miller
President

September 8, 1981

WILLIAM H. ANSEL, JR.
ATTORNEY AT LAW
CHENEY, WEST VIRGINIA

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, Nancy C. Feller Clerk of the

County Court of Hampshire County, a Court of record in and for said County and

state, do certify that the foregoing and annexed writing is a true copy of

ORDER: Green Spring Valley Public Service District recorded

in the Clerk's Office of the said County Court on the 8th day of

September 1981 as full and complete as the same is now

of record in said office, in Fiscal & Police Record Book

No. 12 Page 202

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said

Court (which is my Official Seal) at my office, in said County, this 2nd

day of March 1982

Nancy C. Feller

Clerk of County Court of Hampshire County, West Virginia

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

The undersigned hereby certifies that the annexed notice was duly published in THE HAMPSHIRE REVIEW a weekly newspaper published in said county, for 1 consecutive weeks, commencing on the 19th day of August, 1981, and posted at the front door of the Court House in Romney, WV.

(if required by law)

CORNWELL & AILES, INC., Publisher

By Nora L Kimble

Words _____ Cost, \$ _____

Handbills \$ _____

ORDER OF PUBLICATION

By Order entered in the County Commission of Hampshire County, West Virginia, on the 11th day of August, 1981, and pursuant to the provisions of Section 2, Article 13A, Chapter 16 of the Code of West Virginia, as amended, it is proposed that a public service district to be known as Green Spring Valley Public Service District, be created in Springfield District, Hampshire County, West Virginia, which said proposed District is more particularly described by metes and bounds as follows:

Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the South side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County line; thence S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said County line, said way being generally known as the Goldsborough Road; thence S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00' to the beginning.

All persons residing in, or owning or having any interest in property in said proposed Green Spring Valley Public Service District are hereby notified that on the 8th day of September, 1981, at 9:00 a.m. at the Courthouse in Romney, Hampshire County, West Virginia, a hearing will be held by the County Commission of Hampshire County to determine whether said Public Service District should be created, at which time and place you may appear and you shall have an opportunity to be heard for and against its creation.

Nancy C. Feller
Clerk County Commission
Hampshire County, W. Va.
8-19-1c

A meeting of the Hampshire County Commission held on Tuesday, January 3, 2006 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Leslie J. Shoemaker, Jr., President, Donald P. Cookman and Steve W. Slonaker, Commissioners were present.

The first order of business for the New Year was the election of a president to the County Commission. Commissioner Slonaker made a motion to elect Leslie J. Shoemaker, Jr. as president of the County Commission, Commissioner Cookman seconded the motion. Motion carried.

The minutes of December 20, 2005 were presented for approval. Commissioner Cookman made a motion to approve the minutes as presented, Commissioner Slonaker seconded the motion. Motion carried.

President Shoemaker, in the vacation of the Commission, attended the Hampshire County Development Authority meeting and reported they had offered the position of economic development director to Tom Jones, spoke to Nancy Ailes concerning the farm preservation resolution and will be meeting with her later in the day, advised that the infrastructure meeting will be held Friday, January 7, 2006 at Taggart Hall, and had been informed by the Hampshire County Planning Commission that they had appointed zoning committee members.

Commissioner Slonaker had received a call from Central Hampshire Public Service District Teddy Smith advising someone needed to be appointed to the Central Hampshire Public Service District board and received a call from Capon Springs Volunteer Fire and Rescue Squad advising communications had improved greatly.

Hampshire County Building Commission member Walter Davis gave an update on the installation of the elevator and advised all complaints are being recognized. Mr. Davis and Hampshire County OEM Director Michael Crouse discussed the installation of the generator in the courthouse annex.

Hampshire County E-911 Director Brian Boley submitted the request for proposals for the computer aided dispatch (CAD). Commissioner Cookman made a motion to approve Brian Boley to begin contract negotiation with Interact and submit a final document for approval, Commissioner Slonaker seconded the motion. Motion carried. Mr. Boley advised the Capon Springs radios are 90% finished, advised the county repeater license is still in coordination with the Federal Communication Commission, advised the legislature committee of the 911 counsel will be working on voice over internet protocol (IP) legislation and prepaid wireless and requested the support of the County Commission. Mr. Boley requested permission to negotiate an agreement with Bob Lott for yearly maintenance for radios and stated he had not received any notification from the Prosecuting Attorney concerning the pay increases for county E-911 dispatchers.

Juvenile Probation Officer Steve Davis advised a new probation officer would be appointed for our circuit in June, 2006 and requested office space in the courthouse. The County Commission advised they would speak with the Sheriff Nathan Sions concerning this office space.

BOOK 32 PAGE 44

The Commission proceeded to appoint a member to the Green Spring Valley Public Service District. Upon the recommendation of the present Green Spring Valley Public Service District members, Commissioner Cookman made a motion to appoint Gary Bradfield to the Green Spring Public Service District, Commissioner Slonaker seconded the motion. Motion carried.

An appointment to the Hampshire County Board of Health was discussed. Commissioner Slonaker made a motion to appoint Allan Niederberger, Commissioner Cookman seconded the motion. Motion carried.

County Clerk Sharon Link requested a transfer of \$5,000.00 from the Emergency 911 Fund to the Emergency 911 Operating Fund. Commissioner Cookman made a motion to approve the transfer of funds, Commissioner Slonaker seconded the motion. Motion carried.

Assessor Frank Whitacre and employee Nancy Burkhart requested the courthouse annex bathroom be painted and the carpet replaced with linoleum. Mrs. Burkhart advised that Probation Officer Robert Hou would have community service people help with the painting and linoleum. Commissioner Cookman made a motion to have maintenance bring the courthouse annex bathroom up to acceptable standards, Commissioner Slonaker seconded the motion. Motion carried.

Commissioner Cookman had to leave the meeting.

Hampshire County E-911 Director Brian Boley presented a year service maintenance agreement for the radios at the 911 Center. Commissioner Slonaker made a motion to approve the maintenance agreement, President Shoemaker seconded the motion. Motion carried.

Compliance Office Charles Baker presented building permits for President Shoemaker to sign. Mr. Baker presented a change to the subdivision ordinance. The changes affect Section 3.3 Exemption Procedure for 3.2b; Section 4.4 Preliminary Plat conference; Section 7.1 Planning Commission time limits; Section 10.4 Flood-Prone areas; and Section 12.0 Road classes and design. Hampshire County Planning Commission Vice-President Evelyn Baker stated the changes had been approved by the Hampshire County Planning Commission. Commissioner Slonaker made a motion to adopt the changes to the subdivision ordinance with minor technical changes, President Shoemaker seconded the motion. Motion carried. Mr. Baker presented the Hampshire County Building Code ordinance. Upon review, Commissioner Slonaker made a motion to adopt the Hampshire County Building Code ordinance, as amended, President Shoemaker seconded the motion. Motion carried. Mr. Baker presented a bid information sheet for the Hampshire County Building Codes. The County Commission approved the request for bids advertisement. Mr. Baker advised a FEMA Community Rating System meeting will be held in Emmitsburg, Md on April 17 - 20 and requested permission to attend. The County Commission approved. Mr. Baker requested an executive session to discuss personnel. Commissioner Slonaker made a motion to go into executive session under WV Code 6-9A-4 exceptions, President Shoemaker seconded the motion. Motion



NOTE

carried. Upon reconvening, President Shoemaker stated issues of personnel were discussed with no action taken.

A resolution was not needed for the transportation enhancement grant program, however, Commissioner Slonaker made a motion to authorize President Shoemaker to sign documents related to this grant, President Shoemaker seconded the motion. Motion carried.

Invoices were presented for approval. Commissioner Slonaker made a motion to approve the invoices, President Shoemaker seconded the motion. Motion carried.

Commissioner Slonaker made a motion to adjourn, President Shoemaker seconded the motion. Motion carried.

BOOK 30 PAGE 160

A meeting of the Hampshire County Commission held on Wednesday, June 23, 2004 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. O. Grady Bradfield and Donald P. Cookman were present.

The minutes of June 9, 2004 were presented. Commissioner Cookman made a motion to approve the minutes as presented, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link had a request from Gloria Haines, member of the Hampshire County School Employees, to plant a tree at the park in memory of President Shoemaker's mother, Dianna Shoemaker. Commissioner Cookman made a motion to approve the planting of the tree at the park, Commissioner Bradfield seconded the motion. Motion carried.

Commissioner Cookman discussed replacing the door at the Magistrate Court building with a metal door. The Commission will ask Mark Stickley, Maintenance Department, to contact Magistrate Eugene Billmeyer, concerning this matter.

County Clerk Sharon Link presented the oath of office for Edward Bolyard as a member of the Civil Service Commission. Commissioner Cookman made a motion to approve the oath of office, Commissioner Bradfield seconded the motion.

County Clerk Sharon Link presented grant applications for the Hampshire County Helping Adolescents Learn Trust (HALT) and Prevention Resource Officer (PRO) programs. Commissioner Cookman made a motion to authorize President Shoemaker sign the grant applications, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link, by request from E-911 Coordinator Brian Boley, presented a list of road names for the Commission to approve. Commissioner Cookman made a motion to approve the road names, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented the pledge agreement for deposits at the First National Bank of Romney. Commissioner Cookman made a motion to authorize President Shoemaker sign the pledge agreements, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented a letter from the State Auditor's Office for a request an audit for the fiscal year 2002-2003. Commissioner Cookman made a motion to approve President Shoemaker sign the letter, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented in-house budget revisions. Commissioner Cookman made a motion to approve the in-house budget revisions, Commissioner Bradfield seconded the motion.

Attorney H. Charles Carl, III, representing Thomas and Nancy Alkire, presented a petition of the Town of Capon Bridge for a minor boundary adjustment to its corporate boundaries and a copy of the plat of the area. Commissioner Cookman made a motion that finds the petition meets the threshold requirements for consideration of a minor boundary adjustment, authorized Sharon H. Link, Clerk of the County Commission, to

sign the order of publication that finds that the annexation could not be efficiently or cost effectively accomplished under WV Code 8-6-2 and WV Code 8-6-4, Commissioner Bradfield seconded the motion. Motion carried.

Mayor William Hicks, Robert Shilling, Dennis Morris and Dan Hileman, Town of Romney Park and recreation board members, requested funding for the city pool. The Commission having discussed this matter with Hampshire Center Director David Mayfield, approved the withdraw of the funds from the retained earnings at Hampshire Center. Commissioner Cookman made a motion to approve the transfer of the funds when received to the Romney Board of Park and Recreation Commission, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented a drawdown for the Springfield Ruritan Playground. Commissioner Cookman made a motion to approve the drawdown, Commissioner Bradfield seconded the motion. Motion carried.

Hampshire County Park and Recreation Director Bruce Nicholson gave an update on activities of the park and recreation department.

David Stacy, Commercial Insurance Services Sales Executive, was interviewed as an agent of record for the BRIM policy.

The Commission discussed the appointment of Mark Puffinburger as a member of the Green Spring Valley Public Service District. Commissioner Cookman made a motion to approve the appointment of Mark Puffinburger as a member of the Green Spring Valley P.S.D., Commissioner Bradfield seconded the motion. Motion carried.

Invoices were presented for approval. Commissioner Cookman made a motion to approve the invoices, Commissioner Bradfield seconded the motion.

Alissa Beth Parker, Edwards Insurance Agency and Financial Services, Inc., was interviewed as an agent of record for the BRIM policy.

J. W. Hughes did not appear for the 2:30 p.m. appointment.

Commissioner Cookman made a motion to adjourn, Commissioner Bradfield seconded the motion. Motion carried.

NOTE

A meeting of the Hampshire County Commission held on Wednesday, August 25, 2004 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Leslie J. Shoemaker, Jr., President, O. Grady Bradfield and Donald P. Cookman were present.

The minutes of August 11, 2004 were presented for approval. Commissioner Bradfield made a motion to approve the minutes as presented, Commissioner Cookman seconded the motion. Motion carried.

President Shoemaker, in the vacation of the Commission, reported on the Farmland Preservation Board meeting and the next meeting to be held on September 16, had spoke with Park and Recreation Director Bruce Nicholson concerning a meeting to be held in Capon Bridge concerning an eastern county park and at a legislature interim meeting discussed floodplain ordinances.

Commissioner Bradfield discussed concerns with yard sales and flea markets held at a location in Augusta. The Commission will contact Afton Mallick and the West Virginia Department of Highways concerning this matter.

Eastern Regional Family Resource Network Mari Freno, Erick Hendrickson and Amy Pancake presented a request for \$5,000.00 for matching funds for the H.A.L. T. grant. Commissioner Cookman made a motion to bring this matter before the Commission at the next meeting and the Commission will investigate budgetary available funding in the county budget and other resources, Commissioner Bradfield seconded the motion. Motion carried.

Attorney H. Charles Carl, III, representing Lester and Judy Sirbaugh, presented a petition of the Town of Capon Bridge for a minor boundary adjustment to its corporate boundaries and a copy of the plat and description of the area. Commissioner Cookman made a motion that finds the petition meets the threshold requirements for consideration of a minor boundary adjustment, authorized Sharon H. Link, Clerk of the County Commission, to sign the order of publication that finds that the annexation could not be efficiently or cost effectively accomplished under WV Code 8-6-2 and WV Code 8-6-4, Commissioner Bradfield seconded the motion. Motion carried.

Commissioner Cookman recused himself from the meeting on the matter of the estate of Hal F. Burton.

James Billings, Attorney and petitioner for Barbara Lonas (not present), Curtis Power, Attorney for Helen Burton (present), Donald P. Cookman, Attorney for the estate, Prosecuting Attorney Stephen Moreland and David Waterworth were present. The petitioner requested a review of the will to see if it is a valid will and appoint a curator on the estate of Hal F. Burton, deceased. Mr. Powers stated the will was in proper form, properly executed and admitted to probate, a fiduciary commissioner was appointed and no evidence of any improprieties in the administration of this estate was presented and requested the Commission deny the appointment of a curator. Prosecuting Attorney Stephen Moreland, having reviewed the will and pleas, advised the Commission to deny the request for a curator and the petitioner could appeal to the Circuit Court. Commissioner Bradfield made a motion to deny the request for a curator on the advice of

the Prosecuting Attorney, President Shoemaker seconded the motion. Motion carried. The petitioner will prepare an order for recordation.

Prosecuting Attorney Stephen Moreland informed the Commission of the petition filed in Hampshire County Circuit Court styled Reggie A. Pressutti, Executor of the estate of Arthur D. Pressutti et als vs Gladys E. Pressutti, et als. Mr. Moreland advised the Commission is involved as owners of Central Hampshire Park as a beneficiary in the will. Mr. Moreland will file an answer to the petition.

Prosecuting Attorney Stephen Moreland discussed the letter of memorandum of understanding presented by the Hampshire County Pet Adoption. Mr. Moreland stated the first paragraph of the memorandum concerning the issue of the unrestricted access of Hampshire County Pet Adoption to the Animal Control Shelter needs to be clarified.

Sheriff John W. Corbin, Sr. presented a response to a FOIA letter he had received concerning drug prevention program grants. The Commission agreed the response was acceptable with them. Sheriff Corbin presented the application of Judith Riffle Judy for the full time position in the Treasurer Office. Commissioner Cookman made a motion to approve the full time position, Commissioner Bradfield seconded the motion. Motion carried.

The Commission discussed the appointment for the position of a board member to the Green Spring Valley P. S. D. Commissioner Cookman made a motion to appoint Roger Whisner, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented an oath of office for Lori Stonebraker, deputy clerk in the Treasurer Office and Roy McHiggins as deputy sheriff for Hampshire County. Commission Cookman made a motion to approve both oaths of offices, Commissioner Bradfield seconded the motion. Motion carried.

A letter from Region 8 Solid Waste Authority informing the Commission the term of member Patrick Brady had expired. Commissioner Bradfield made a motion to re-appoint Mr. Brady to the Region 8 Solid Waste Authority, Commissioner Cookman seconded the motion. Motion carried.

A letter from Marlin C. Biggs notifying the Commission of his resignation from the Hampshire County Economic Development Authority. Hampshire County Development Authority Director David Pancake will attend the next County Commission on this matter.

County Clerk Sharon Link presented an in-house budget revision for the Assessor's Office. Commissioner Cookman made a motion to approve the in-house budget revision, Commissioner Bradfield seconded the motion. Motion carried.

Commissioner Bradfield discussed that the Hampshire County Development Authority looking at the Park and Recreation Board for financial funding for the gym at the wellness center. Commissioner Bradfield stated he felt the park and recreation department need to stay focused on park and recreation issues and the county financing stay strictly focused on the construction of the courthouse. Commissioner Bradfield advised he had spoken with Allen Hott, member of the Hampshire County Building Commission, and Mr. Hott will volunteer his time to the administration of the elevator

NOTE

construction project. Commissioner Bradfield made a motion to recommend Allen Hoti to the Hampshire County Building Commission for the project administration. Commissioner Cookman seconded the motion. Motion carried.

Assessor Frank Whitacre and Larry Whitacre, resident of Capon Bridge, discussed a 2004 farm report on Mr. Whitacre's mother property that was not submitted. The Commission stated their policy was to exonerate the difference of the taxes plus add an additional 10% penalty. Assessor Whitacre will submit exoneration.

Assessor Frank Whitacre presented exonerations and consolidations. Commissioner Bradfield made a motion to approve the exonerations and consolidations. Commissioner Cookman seconded the motion. Motion carried.

Magistrate Eugene Billmeyer presented the funding of the magistrate court and discussed the alternative plan for sentencing of prisoners. Mr. Billmeyer will attend a magistrate meeting in September and will inform the Commission.

Invoices were presented for approval. Commissioner Cookman made a motion to approve the invoices. Commissioner Bradfield seconded the motion. Motion carried.

Commissioner Cookman made a motion to adjourn. Commissioner Shoemaker seconded the motion. Motion carried.

District 2: Green Spring Valley Public Service District

Board Chairman: Arthur W. Henderson Gary Bradfield

Term began: 07-01-1999 01-03-06 Term expires: 06-30-05 06-30-11

Board Member: Roger Whisner

Term began: 07-01-04 Term expires: 06-30-09

Board Member: Mark Puffinburger

Term began: 07-01-04 Term expires: 06-30-07

District 3: _____

Board Chairman: _____

Term began: _____ Term expires: _____

Board Member: _____

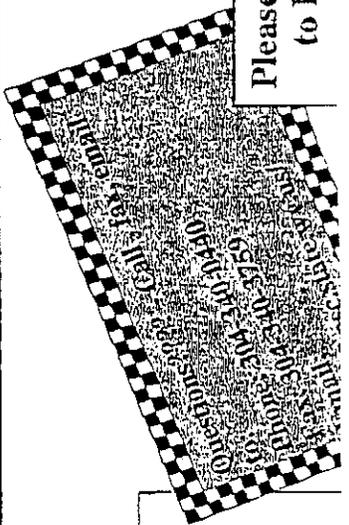
Term began: _____ Term expires: _____

Board Member: _____

Term began: _____ Term expires: _____

This form must be completed and returned to Drema Witt at the PSC by July 1, 2005.

Please return this form to:
 Drema S. Witt
 WV Public Service
 Commission
 P.O. Box 812



Please make copies of this form
 to list additional Districts

OATH OF OFFICE AND CERTIFICATE

BOOK 3 PAGE 487

STATE OF WEST VIRGINIA.

COUNTY OF HAMPSHIRE 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 MEMBER GREEN, SPRING VALLEY PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) *Jay [Signature]*

Subscribed and sworn to before me, in said County and State, this 23rd day of January

19x 2006.

Sharon H. Link County Clerk
Hampshire County Commission

SHARON H. LINK
HAMPSHIRE COUNTY CLERK
INSTRUMENT NO. 01772
RECORDED DATE 02/17/2006
DOCUMENT TYPE 0A01
BOOK PAGE 3-487

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 2/17/06 1:22pm

The foregoing instrument, together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste *Sharon H. Link* Clerk.

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF HAMPSHIRE 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

MEMBER OF THE GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

..... to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) Roger Williams

Subscribed and sworn to before me, in said County and State, this 20th day of

September 2004

Sharon H. Link

SHARON H LINK
HAMPSHIRE COUNTY 10:06:43
INSTRUMENT NO 6615
RECORDED DATE 09/23/2004
RECORDING TYPE OTH
BOOK PAGE 3-409

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 9/23/04 10:06 am

The foregoing Instrument, together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste Sharon H. Link Clerk

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF HAMPSHIRE 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

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT MEMBER

to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) [Handwritten Signature]

Subscribed and sworn to before me, in said County and State, this 29th day of June, 2004.

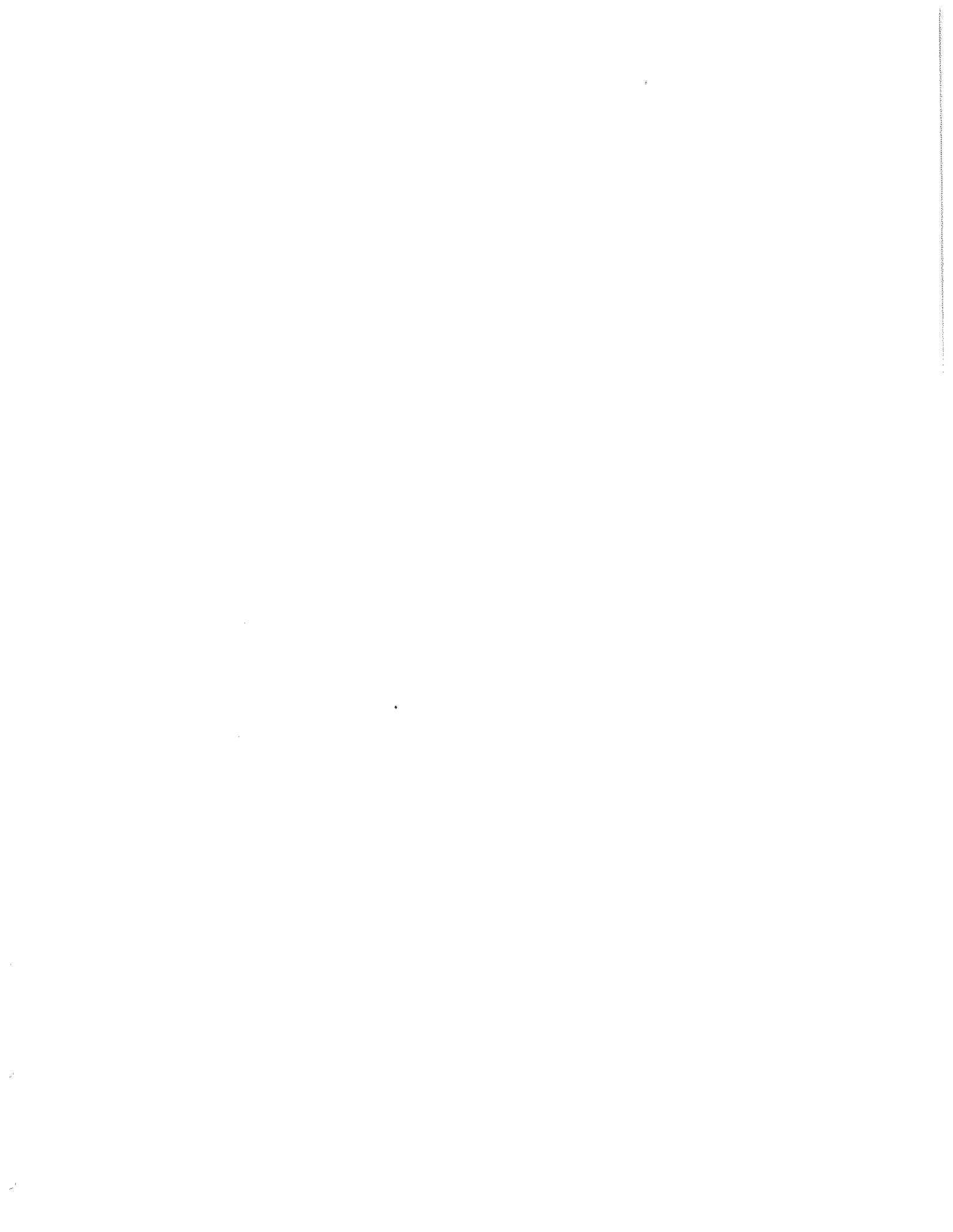
Sharon H. Link
County Clerk

HAMPSHIRE COUNTY COM.
DAN LEFFLER, CLERK OF
Date/Time: 07/15/2004 09:06
Inst #: 62489
Book/Page: 3-1 373-
Recd/Tax: .00

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 7/15/04 9:06 AM

The foregoing instrument, together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste Sharon H. Link Clerk



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 3rd Tuesday 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, two (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 three (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 Hampshire 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 Hampshire

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 specialy scheduled 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

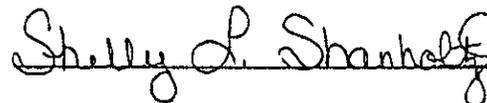
AMENDMENTS TO RULES OF PROCEDURE

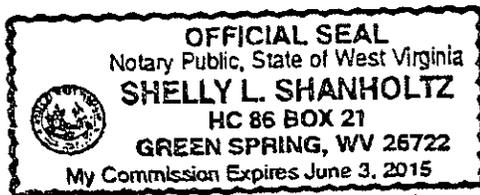
These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; 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 ¹⁸20th day of April, 2006.

CHAIRMAN:  4/19/06

ATTEST:  4/18/06



STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

The undersigned hereby certifies that the annexed notice was duly published in the HAMPSHIRE REVIEW, a weekly newspaper published in said county, for 1 consecutive weeks, commencing on the 14th day of June 2006.

CORNWELL & AILES, INC.
PUBLISHERS

BY: Patricia Lee Grapo

Words 832 Cost \$ 104.84

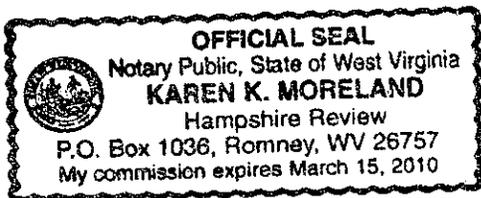
STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said Patricia Lee Grapo did prepare and sign in my presence this Certificate of Publication on this the 15th day of June 2006.

My commission expires March 15, 2010.

Karen K. Moreland

Karen K. Moreland



NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF
GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
TO ADOPT BOND RESOLUTIONS

A special meeting of the Public Service Board of the Green Spring Valley Public Service District (the "PSD") will be held to consider and adopt the following entitled Resolutions, and to take such other action as necessary in relation thereto, on Wednesday, June 28, 2006, at 11:30 a.m., prevailing time, at the Hampshire County Development Authority Building, Romney, West Virginia, and at such meeting the Board shall consider and adopt such Resolutions entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1983 AND SERIES 1985 (GMAC), OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT AND THE ACQUISITION OF CERTAIN EQUIPMENT TO BE USED IN CONNECTION WITH THE OPERATION OF THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING BONDS, SERIES 2006 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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) refunding the Water Revenue Bonds, Series 1983 and Series 1985 (GMAC); 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.

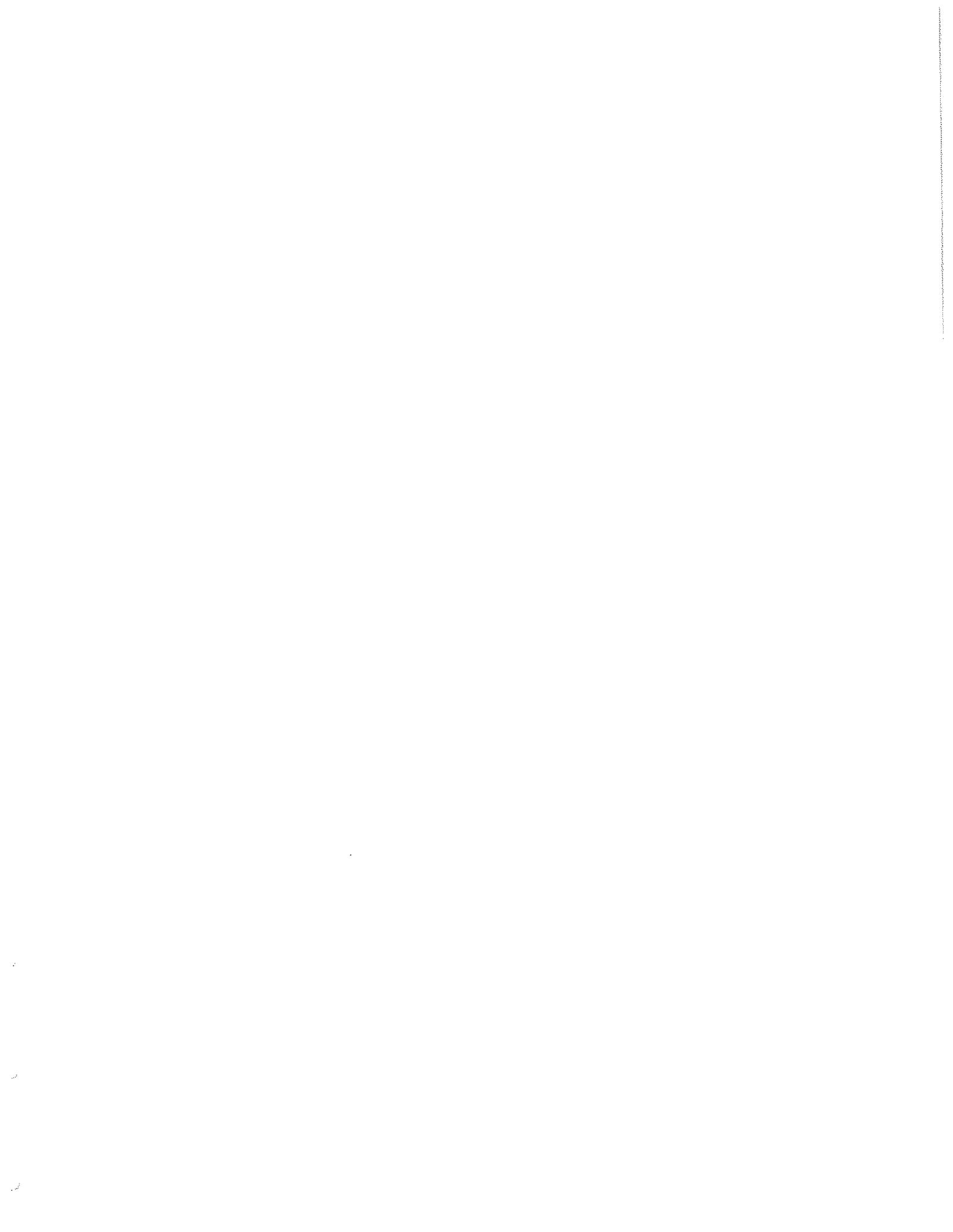
RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$591,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 B (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 meeting, the Board intends to adopt the Resolutions and take such other actions as may be necessary in furtherance of the Refunding and the Project and the financing contemplated by the Resolutions. Such meeting is open to the public.
Dated: June 14, 2006.

Roger Whisner
Secretary

6-14-06



Board Meeting 1/17/06

Present was Mark Puffinburger, Roger Whisner, Gary Bradfield(our new board member), Ernie Crouse, and Shelly Shanholtz. The meeting began at 12:30.

Due to the death of our board member Lilburn Henderson – Gary Bradfield has been appointed our new board member. The board members have been appointed as follows – Mark Puffinburger as the chairman, Roger Whisner as the secretary, and Gary Bradfield as the treasurer.

Terry Lively is suppose to call back and let us know what time the meeting or tomorrow is going to be. The meeting is to discuss getting grant money from the Army Corp. of Engineers for the sewer project.

The board went over everything with Gary and caught him up on everything that is going on. The board decided to raise the security deposit to \$75.00. We went over the bills and everything was fine – I wrote out the checks and paid the bills. The meeting was adjourned at 1:30.

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

MINUTES ON ADOPTION OF BOND RESOLUTION

The undersigned Secretary of the Public Service Board of Green Spring Valley Public Service District, hereby certifies 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 Green Spring Valley Public Service District met in special session, pursuant to notice duly given, on the 28th day of June, 2006, at the Hampshire County Development Authority offices in Romney, West Virginia, at the hour of 11:30 a.m., prevailing time.

PRESENT: Chairman - Mark Puffinburger
 Secretary - Roger Whisner
 Treasurer - Gary Bradfield

ABSENT: None

Mark Puffinburger, Chairman, presided, and Roger Whisner, 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 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 GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED

THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$591,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 B (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

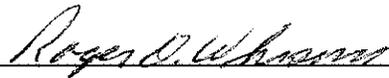
and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 30th day of June, 2006.


Secretary

06.13.06
354410.00001

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 30, 2006

ISSUE: Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture)

ADDRESS: Post Office Box 95-A, Green Spring, West Virginia 26722 COUNTY: Hampshire

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 30, 2006 CLOSING DATE: June 30, 2006

ISSUE AMOUNT: \$591,000.00 RATE: 4.375%

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: Issuer

BOND COUNSEL: Stephoe & 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: Mark Puffinburger
Position: Chairman
Phone: (304) 492-5842

OTHER: United States Department of Agriculture
Contact Person: Joe Crickenberger
Function: Rural Development Specialist
Phone: (304) 252-8644

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 directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2006 B Bonds Reserve Account. Payments into the Series 2006 B Bonds Reserve Account will commence 24 months following the date hereof.

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.

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If you should have any questions concerning this form, please call the Commission.



Bond Counsel

**United States Department of Agriculture
Rural Development
West Virginia State Office**

April 14, 2006

COPY

Mark Puffinburger, Chairman
Green Spring Valley Public Service District
P.O. Box 95 A
Green Spring, WV 26722

RE: Amendment No. 1 to the
Letter of Conditions

Dear Mr. Puffinburger:

This letter, with Attachment No. 1 amends the letter of conditions dated August 12, 2002 and further establishes conditions which must be understood by the PSD 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 \$591,000, an RUS grant in the amount of \$170,000, a subsequent RUS Grant in the amount of \$368,000.00, and other funding in the amount of \$1,414,000.00, for a total project cost of \$2,543,000. The other funding is planned in the form of a Small Cities Block Grant. The conditions contained in this letter and all of the conditions contained in the August 12, 2002, letter of conditions must be satisfied prior to closing the RUS loan and grants.

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)

75 High Street, Room 320 • Morgantown, West Virginia 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800)795-3272(voice) or (202) 720-6382 (TDD).

The conditions referred to above are as follows:

1. Public Service Commission Approval – The PSD must obtain approval from the Public Service Commission (PSC) for the proposed financing changes and for the proposed new user rates. A copy of the PSC approval documents and a copy of the “Rule 42” Exhibit approved by the WV Public Service Commission must be submitted to RUS for review and approval.
2. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

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 AD 1049 - “Certification Regarding Drug-Free Workplace”
Form RD 1942-46, “Letter of Intent to Meet Conditions”

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 twelve-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,



ROBERT M. STEPTOE, III
State Director

Enclosures:

cc: Rural Development Specialist
Elkins, WV

John Kunkle, CPA
J.C. Kunkle & Associates
P.O. Box 925
Martinsburg, WV 25402

H. Charles Carl, III
Carl, Keaton, & Frazer, PLLC
56 East Main Street
Romney, WV 26757

Jonathan Carpenter, P.E.
Thrasher Engineering
300 Associates Drive
Charleston, WV 25311

John Stump
Steptoe & Johnson
P.O. Box 1588
Charleston, WV 25326-1588

Region VII P&DC
P.O. Box 849
Petersburg, WV 26847

Attachment No.1 to Letter of Conditions
 For: Green Spring Valley PSD Water System Improvement Project
 Date: April 14, 2006

**Revised Project Construction Budget
 Green Spring Valley PSD
 Water System Improvement Project**

<u>PROJECT COST</u>	<u>SCBG</u>	<u>RUS GRANT</u>	<u>SUBSEQUENT RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 1,134,000	\$ 89,300	\$ 278,000	\$ 372,987	\$ 1,874,287.00
CONST. CONTINGENCY	\$	\$ 16,700	\$ 30,000	\$ 47,000	\$ 93,700
PURCHASE METERS	\$	\$	\$ 60,000	\$	\$ 60,000
LAND & RIGHTS	\$ 5,000	\$	\$	\$ 5,000	\$ 10,000
LEGAL FEES	\$ 10,000	\$ 9,000	\$	\$ 1,000	\$ 20,000
BOND COUNSEL	\$ 5,000	\$	\$	\$ 14,500	\$ 14,500
ACCOUNTING	\$ 200,000	\$ 30,000	\$	\$ 250	\$ 5,250
ENGINEERING FEES	\$	\$	\$	\$ 86,000	\$ 316,000
Study & Report - \$25,000					
Basic - \$147,500					
Insp. - \$86,000					
Additional - \$57,500					
INTEREST	\$	\$	\$	\$ 50,000	\$ 50,000
ADMINISTRATION	\$ 60,000	\$	\$	\$	\$ 60,000
PROJECT CONTINGENCY	\$	\$ 25,000	\$	\$ 14,263	\$ 39,263
TOTAL	\$ 1,414,000	\$ 170,000	\$ 368,000	\$ 591,000	\$ 2,543,000



**United States Department of Agriculture
Rural Development
West Virginia State Office**

April 14, 2006

Mark Puffinburger, Chairman
Green Spring Valley Public Service District
P.O. Box 95 A
Green Spring, WV 26722

RE: Amendment No. 1 to the
Letter of Conditions

Dear Mr. Puffinburger:

This letter, with Attachment No. 1 amends the letter of conditions dated August 12, 2002 and further establishes conditions which must be understood by the PSD 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 \$591,000, an RUS grant in the amount of \$170,000, a subsequent RUS Grant in the amount of \$368,000.00, and other funding in the amount of \$1,414,000.00, for a total project cost of \$2,543,000. The other funding is planned in the form of a Small Cities Block Grant. The conditions contained in this letter and all of the conditions contained in the August 12, 2002, letter of conditions must be satisfied prior to closing the RUS loan and grants.

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)

75 High Street, Room 320 • Morgantown, West Virginia 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

USDA is an equal opportunity provider, employer and lender.

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272(voice) or (202) 720-6382 (TDD).



United States
Department of
Agriculture

Rural
Development

ENGINEER
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

10-178

August 12, 2002

FILE

~~Lilburn Henderson, Chairman
Green Spring Valley Public Service District
P.O. Box 52
Green Spring, WV 26722~~

**COPY
RECEIVED**

AUG 14 2002

Dear Mr. Henderson:

THRASHER ENGINEERING, INC.

This letter, with Attachments 1 through 14 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 \$591,000, an RUS grant in the amount of \$170,000, and other funding in the amount of \$1,364,000, for a total project cost of \$2,125,000. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant Program.

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 Green Spring Valley 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 - RUS Supplemental General Conditions (Engineer Copy)

- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- 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 - Green Spring Valley PSD Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
- Attachment No. 14 - Various other RD Forms as identified on Attachment No. 2

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 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.750% interest rate and a monthly amortization factor of .00475, which provides for a monthly payment of \$2,808. 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, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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 junior priority, 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 there will be at least 448 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are

actually connected to 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 project for construction bids.

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 currently using the system.

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 - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

Prior to loan and grant closing, you must provide RUS with documentation that the West Virginia Public Service Commission has reviewed and approved the engineering agreement.

6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
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 & 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
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals and Rates – 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 contained 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) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

- (2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

- 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. 13).
 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 grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies – Interest earned on grant funds in excess of \$100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

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. 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.
 16. 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"

17. 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.
18. 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

Enclosures

cc: Rural Development Specialist
Elkins, WV

Jonathan Carpenter ✓
Thrasher Engineering
300 Associates Drive
Charleston, WV 25311

J.C. Kunkel & Associates
Martinsburg, WV

Project Construction Budget

<u>PROJECT COST</u>	<u>SCBG</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 1,134,000	\$ 78,500	\$ 288,650	\$ 1,501,150
CONST. CONTINGENCY		\$ 29,000	\$ 93,042	\$ 122,042
LAND & RIGHTS	\$ 5,000		\$ 5,000	\$ 10,000
LEGAL FEES	\$ 10,000		\$ 10,000	\$ 20,000
BOND COUNSEL			\$ 25,000	\$ 25,000
ACCOUNTING	\$ 5,000	\$ 7,500		\$ 12,500
ENGINEERING FEES	\$ 200,000	\$ 30,000	\$ 122,700	\$ 352,700
Basic - \$135,000				
Insp. - \$86,000				
Special - \$131,700				
INTEREST			\$ 28,073	\$ 28,073
ADMINISTRATION	\$ 10,000			\$ 10,000
PROJECT CONTG.		\$ 25,000	\$ 18,535	\$ 43,535
TOTAL	\$ 1,364,000	\$ 170,000	\$ 591,000	\$ 2,125,000

Rates

Available for general domestic, commercial, and industrial service.

First	10,000	gallons @	\$ 6.49	per M gallons
Over	10,000	gallons @	\$ 4.32	per M gallons

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	\$ 19.47	per month
3/4"	meter	\$ 29.21	per month
1"	meter	\$ 48.68	per month
1 1/2"	meter	\$ 97.35	per month
2"	meter	\$ 155.76	per month
3"	meter	\$ 292.05	per month
4"	meter	\$ 486.75	per month
6"	meter	\$ 973.50	per month

Minimum Monthly Bill \$19.47 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 - \$50.00

After the start of construction, there shall be a charge of \$150.00 for connection to the system.

Reconnection Charge

\$10.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions

For:

Date:

Green Spring Valley PSD
USE AND INCOME ANALYSIS
EXISTING SYSTEM-Proposed Rates

Blocking	Cust. Mo.	Gal/ Mo.	Minimum Bills	First 10,000	Over 10,000	TOTAL REVENUE
0 - 3000	236	354	236			
3,000-10,000	210	1016		1016		
> 10,000	2	571		20	551	
Monthly Total	448	1941	236	1036	551	
Proposed Rates			\$ 19.47	\$ 6.49	\$ 4.32	
Monthly Revenues			\$ 4,594.92	\$ 6,723.64	\$ 2,380.32	\$ 13,698.88
Annual Revenues			\$ 55,139.04	\$ 80,683.68	\$ 28,563.84	\$ 164,386.56

29.21/4500 gallon

**Green Spring Valley PSD
OPERATING BUDGET**

OPERATING INCOME		
Metered Sales	\$	164,387
Penalties		
Other Income		
Reconnect Fees		
TOTAL OPERATING INCOME		<u>\$ 164,387</u>
NON OPERATING INCOME		
Interest income	\$	4,925
TOTAL NON OPERATING INCOME		<u>\$ 4,925</u>
TOTAL INCOME		<u>\$ 169,312</u>
EXPENSES		
O & M	\$	82,900
Taxes		
TOTAL EXPENSES		<u>\$ 82,900</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 86,412</u>
DEBT SERVICE		
Existing Bond P & I (B)	\$	41,069
Proposed Bond P & I (B)(1)	\$	33,696
TOTAL DEBT SERVICE		<u>\$ 74,765</u>
DEBT SERVICE RESERVE		
Debt Service Reserve*	\$	3,370
TOTAL DEBT SERVICE RESERVE		<u>\$ 3,370</u>
SURPLUS (DEFICIT)		<u>\$ 8,277</u>
DEBT COVERAGE (A/B)		\$ 1.16

(1) Based on a RUS loan of \$591,000 @ 4.75% for 38 years; a RUS grant of \$170,000 and a SCBG grant of 1,364,000. **TOTAL PROJECT COST \$2,125,000**

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
Bulletin 1780-22	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
	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			1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer			6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
(NPA's Only)	Organizational Documents	1	1780.33(e)	Applicant/ Attorney			5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			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
Staff Engineer PER Review		1	1780.33(c)	RUS			3
Bill Analysis for existing system(s)		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
Agency Determination on the Availability of "Other Credit" with Documentation		1	1780.7(d)	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>
	Documentation on Service Area	1	1780.11	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
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
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

<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>
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 Collection 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
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			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>
	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
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant		HAVE	3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6

<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>
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	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
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			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
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
	Evidence of Applicant Contribution	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
	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
RD 400-8	Compliance Review	1	1780.44(c)	RUS			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>
	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

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated 6/30/06 between

Green Spring Valley PSD

a public corporation organized and operating under

Chapter 16, Article 13 A

(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) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 2,543,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 2,005,000 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 2,005,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 538,000 or 21.16% percent of said 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 the purpose only of defraying a part not to exceed 21.16% percent of the 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 real property owned by the Green Spring Valley PSD associated with the water treatment and distribution 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 project 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).

None

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, 11/20/97]

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 \$538,000.00, which it will advance to Grantee to meet not to exceed 21.16% 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

and attested and its corporate seal affixed by its duly authorized

Attest:

By: Reginald Williams

(Title) Secretary

By: Mark Luff

(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: [Signature] Rural Development Specialist
(Title)



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

COPY

BOB WISE
GOVERNOR

December 5, 2002

The Honorable E. Gary Shanholtz
President
Hampshire County Commission
Post Office Box 806
Romney, West Virginia 26757

Dear Commissioner Shanholtz:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of \$1,414,000. These funds will enable you to complete the Green Spring Valley Public Service District water improvement project.

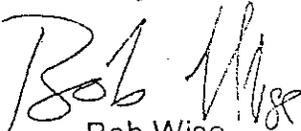
In order to effectively use the limited dollars available, I hereby commit \$574,000 from our fiscal year 2002 allocation that will immediately be available to you. The remaining \$840,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Mrs. Pamela K. King of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw those funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Hampshire County.

Very truly yours,


Bob Wise
Governor

BW:pkd

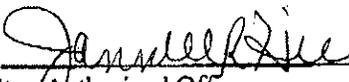
GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2006 B
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative, of The Bank of Romney, Romney, West Virginia (the "Bank"), hereby certify that on the 30th day of June, 2006, the Bank received an automated transfer in the amount of \$60,000 to the credit of the Project Construction Account, Account Number 61-01616 for the Series 2006 B Bonds.

WITNESS my signature on this 30th day of June, 2006.

THE BANK OF ROMNEY

By: 
Its: Authorized Officer

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