GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2005 A AND
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

DATE OF CLOSING: JULY 08, 2005

BOND TRANSCRIPT

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GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 and
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(United States Department of Agriculture)

BOND RESOLUTION

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GREEN VALLEY-GLENWOOD 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 VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,470,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $698,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 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 VALLEY-GLENWOOD 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 Valley-Glenwood Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Mercer County of said State, duly created pursuant to the Act by The County Commission of Mercer 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 the construction of improvements to the Issuer's water storage facilities and the extension of water service to approximately 116 customers in the Sandlick and Route 20 areas of the Issuer, located between New Hope and Littlesburg, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $3,370,000, of which $1,470,000 will be obtained from the proceeds of sale of the Series 2005 A Bonds, $698,000 will be obtained from the proceeds of the sale of the Series 2005 B Bonds, both herein authorized and $1,202,000 will be obtained from a grant from the Purchaser.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2005 A (United States Department of Agriculture) (the "Series 2005 A Bonds") and its Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) (the "Series 2005 B Bonds"), in the aggregate principal amount of $2,168,000 (the "Series 2005 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 2005 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 2005 Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) Water Revenue Bond, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000 and held by the Purchaser, and (ii) Water Refunding Revenue Bond, Series 2003 A, dated October 10, 2003, issued in the original aggregate principal amount of $914,376 and held by Branch Banking and Trust Company, Charleston, West Virginia (collectively, 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 2005 Bonds as to liens, pledge and/or source of and security for payment.

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 2005 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated July 25, 2001, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2005 Bonds, or will have so complied prior to issuance of the Series 2005 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 2005 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 2005 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 2005 Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means Pentree, Incorporated, Princeton, 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 First Community Bank of Mercer County, Inc., a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 25, 2001, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 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 System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 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 the Prior Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means the Water Revenue Bond, Series 1993, and the Water Refunding Revenue Bonds, Series 2003 A, of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolution of the Issuer, adopted December 9, 1993 (the "1993 Resolution"), authorizing the issuance of the Series 1993 Bond and the resolution of the Issuer, adopted October 9, 2003 (the "2003 Resolution"), authorizing the issuance of the Series 2003 A Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

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

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

"Secretary" means the Secretary of the Governing Body.

"Series 1993 Bond" means the Water Revenue Bond, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000 and held by the Purchaser.

"Series 2003 A Bonds" means the Water Refunding Revenue Bond, Series 2003 A, dated October 10, 2003, issued in the original aggregate principal amount of $914,376 and held by Branch Banking and Trust Company, Charleston, West Virginia.

"Series 2005 Bonds" means, collectively, the Series 2005 A Bonds and the Series 2005 B Bonds.

"Series 2005 A Bonds" means the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2005 B Bonds" means the Water Revenue Bonds, Series 2005 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 $3,370,000, 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 2005 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 2005 Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2005 A (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of $1,470,000 and the "Water Revenue Bonds, Series 2005 B (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of $698,000 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 2005 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2005 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2005 B Bonds shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2005 B Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2005 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 2005 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 2005 Bonds, and the right to principal of and stated interest on the Series 2005 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 2005 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 2005 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 2005 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2005 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 2005 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2005 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 2005 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2005 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 2005 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 2005 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 2005 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 2005 Bonds shall cease to be such officer of the Issuer before the Series 2005 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 2005 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 2005 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 2005 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2005 Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2005 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 2005 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 2005 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 2005 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
STATE OF WEST VIRGINIA
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $1,470,000

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS ($1,470,000), 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 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, 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 Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the 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 27, 2005, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1993, AND WATER REFUNDING REVENUE BOND, SERIES 2003 A, THE PRIOR BONDS DESCRIBED IN THE RESOLUTION, AND THE WATER REVENUE BONDS, SERIES 2005 B, DATED JUNE 29 2005, IN THE AGGREGATE PRINCIPAL AMOUNT OF $698,000, ISSUED SIMULTANEOUSLY HEREWITH.

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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 VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 6099
P. O. Box No. or Street Address)

Bluefield, West Virginia 24701-6099
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$	July 8, 2005	(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:

_____

(FORM OF BOND)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $698,000

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD 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 SIX HUNDRED NINETY-EIGHT THOUSAND DOLLARS ($698,000), 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 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, 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 Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the 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 27, 2005, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1993 AND WATER REFUNDING REVENUE BOND, SERIES 2003 A, THE PRIOR BONDS DESCRIBED IN THE RESOLUTION, AND THE WATER REVENUE BONDS, SERIES 2005 A, DATED JUNE 29 2005, IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,420,000, ISSUED SIMULTANEOUSLY HEREWITH.

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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 VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 6099
P. O. Box No. or Street Address)

Bluefield, West Virginia 24701-6099
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$	July 8, 2005	(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. 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);

(2) Reserve Fund (established by the Prior Resolutions);

(3) Depreciation Reserve (established by the Prior Resolutions); and

(4) Project Construction Account.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2005 A Bonds Reserve Account; and

(2) Series 2005 B Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2005 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 2005 Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, 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 4.04. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2005 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2005 Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2005 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2005 Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2005 Bonds, transfer from the Revenue Fund and: (i) remit to the National Finance Office, the amounts required by the Prior Resolutions to pay the interest and principal on the Series 1993 Bond; (ii) remit to the Paying Agent designated in the Series 2003 A Bonds, the amounts required by the Prior Resolutions to pay the interest and principal on the

Series 2003 A Bonds; (iii) beginning 30 days following the Closing Date, remit to the National Finance Office, the amounts required to pay the interest on the Series 2005 A Bonds. Beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amounts required to amortize the interest on and principal of the Series 2005 A Bonds over the life of the Bond issue; and (iv) beginning 30 days following the Closing Date, remit to the National Finance Office, the amounts required to pay the interest on the Series 2005 B Bonds. Beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amounts required to amortize the interest on and principal of the Series 2005 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 2005 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, transfer from the Revenue Fund and remit (i) on each date that payment is made on the Series 1993 Bond, to the Depository Bank, for deposit into the Reserve Fund for the Series 1993 Bond, the amounts required by the Prior Resolutions to be deposited therein; (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2005 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2005 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve; and (iii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2005 B Bonds Reserve Account, 10% of the monthly

payment amount, calculated monthly, until the amount in the Series 2005 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2005 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 respective Series 2005 Bonds Reserve Accounts shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2005 Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2005 Bonds, or for mandatory prepayment of the Series 2005 Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the respective Series 2005 Bonds Reserve Accounts, so long as the Series 2005 Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, transfer from the Revenue Fund and remit to the Depository Bank on each date that payment is made on the Series 1993 Bond, for deposit in the Depreciation Reserve, the amounts required by the Prior Resolutions to be deposited therein.

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

Whenever the money in the Series 2005 A Bonds Reserve Account shall be sufficient to prepay the Series 2005 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2005 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2005 B Bonds Reserve Account shall be sufficient to prepay the Series 2005 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2005 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 2005 Bonds Reserve Accounts as herein provided, and all amounts required for the Series 2005 Bonds Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

The Revenue Fund and the Series 2005 Bonds Reserve Accounts 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 2005 Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2005 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission, at the direction of the Issuer, shall keep the monies in the Series 2005 Bonds Reserve Accounts invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by

law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2005 Bonds Reserve Accounts, 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.

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 2005 Bonds, provide evidence that there will be at least 3,189 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank 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 or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

Section 4.05. 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 2005 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $2,168,000 (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 a 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 2005 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 2005 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2005 Bonds Reserve Accounts a sum sufficient to prepay the entire principal of the Series 2005 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 2005 Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2005 Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2005 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 Resolutions authorizing the Prior Bonds shall be applicable. No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding;

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

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

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 2005 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 2005 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 2005 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 2005 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2005 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 2005 Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2005 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

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

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

Section 5.09. Fiscal Year; Budget. While the Series 2005 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 2005 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 Recommended Decision of the Public Service Commission of West Virginia, entered on November 10, 2003 and the Commission Order dated June 24, 2005, Case No. 03-0715-PWD-CN, which Recommended Decision and Commission Order are 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 2005 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 2005 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 2005 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2005 Bonds, the Issuer may not defease the Series 2005 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 2005 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 2005 Bonds.

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

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

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and

shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

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

Adopted this 27th day of June, 2005.

GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT on the 27th day of June, 2005.

Dated: July 8, 2005.

[SEAL]

Secretary

05/26/05
354550/00001

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1993

BOND RESOLUTION

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $414,000 WATER REVENUE BOND, SERIES 1993, OF GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING 1992 BOND OF THE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM AND ALL APPURTENANT FACILITIES IN THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GREEN VALLEY-GLENWOOD 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 Valley-Glenwood Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Mercer County of said State, duly created pursuant to the Act by The County Commission of Mercer County.

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements to and

extensions of the existing waterworks facilities of the Issuer, consisting of approximately 3,520 feet of 8-inch water mains, 22,950 feet of 6-inch water mains, 5,450 feet of 4-inch water mains, 9,410 feet of 3-inch water mains, one 55 gpm booster pump station and a 108,000 gallon water storage tank to serve a minimum of 130 customers in the Ingleside Road area of Mercer County, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $1,121,000 of which $414,000 will be obtained from the proceeds of sale of the Bond herein authorized, $181,000 from a grant by the Purchaser (as hereinafter defined), and $526,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of $414,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for

Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

G. There is an outstanding obligation of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the Water Refunding Revenue Bond, Series 1992, dated November 12, 1992 (the "1992 Bond"), issued in the original aggregate principal amount of $1,403,388, and held by First Community Bank, Inc. There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the 1992 Bond, the 1992 Resolution (hereinafter defined) 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 waiver thereof.

The Issuer has outstanding its $680,000 Sewer Revenue Bonds, Series 1964, and its $1,952,000 Sewer Revenue Bonds, Series 1987, which are not payable from or entitled to any lien on or pledge of any of the revenues of the System, or a statutory mortgage lien thereon.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated July 22, 1992, and all amendments thereto, if any (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 Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by 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 Bond by those who shall be the registered owner of the same from time to time, this Resolution (the

"Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1993, authorized hereby.

"1992 Bond" means the outstanding Water Revenue Bond, Series 1992, of the Issuer described in Section 1.02G hereof.

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

"Bonds" means, collectively, the Bond and the 1992 Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Pentree, Inc., Princeton, 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 First Community Bank, Inc., Princeton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year 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.

"Gross Revenues" or "Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

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

"Issuer," "Borrower" or "District" means Green Valley-Glenwood Public Service District, in Mercer County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated July 22, 1992, and all amendments thereto, if any.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs of the Project, fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as hereinafter defined), other than those capitalized as part of the costs of the Project, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

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

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

"Resolutions" means, collectively, the 1992 Resolution and the Bond Legislation.

"1992 Resolution" means the resolution of the Issuer adopted November 12, 1992, authorizing the 1992 Bond.

"Secretary" means the Secretary of the Governing Body.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $1,121,000, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1993," is hereby authorized to be issued in the aggregate principal amount of not exceeding $414,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

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

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

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

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

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, 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 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond shall be registered in the name of the United States of America, the address of the United States of America, for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and

complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the 1992 Bond, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due all on a parity with the 1992 Bond.

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

(FORM OF BOND)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1993

$414,000

No. R-1 Date: _____

FOR VALUE RECEIVED, GREEN VALLEY-GLENWOOD 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 FOUR HUNDRED FOURTEEN THOUSAND DOLLARS ($414,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,033, 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 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 Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

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

Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

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

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

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

This Bond is on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1992 Bond defined and described in said Resolution.

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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 VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Route 6, Box 14
(P. O. Box No. or Street Address)

Princeton, West Virginia 24740
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	
		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. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 1992 Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the 1992 Resolution and continued hereby);

(2) Reserve Fund;

(3) Depreciation Reserve; and

(4) Project Construction Account.

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

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

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

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

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

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of the 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 Section 3.01 of the 1992 Resolution not otherwise modified herein:

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

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and (a) remit to the Paying Agent designated in the 1992 Bond (or such other place as may be provided pursuant to the 1992 Bond) and (b) remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the 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.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the Bond in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $56,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred

therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

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

All the funds provided for in this Article (except the Bond Construction 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 Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

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

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the

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

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 130 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

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

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible

as security for deposits of state and municipal funds under the laws of the State of West Virginia.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the 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 Bondholder.

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

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. In addition to the conditions set forth in Section 4.04 of the 1992 Resolution, no additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. A. 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 Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and

mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance 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 Bond.

(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.

(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 an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(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 Bond is 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.

B. All insurance proceeds awarded to the Issuer that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the Issuer to prepayment of the Bonds, unless otherwise consented to in writing by the Bondholders.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, 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 Bond and shall be for the equal benefit of the 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 Bond at the date specified for payment thereof; and

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

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

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

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

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a

Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 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 Bonds are outstanding.

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

provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on February 23, 1993, Case No. 92-0652-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

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

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

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, 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 Bond.

Section 7.05. 1992 Resolution; Conflicting Provisions Repealed. The 1992 Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1992 Resolution.

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) and the 1992 Resolution.

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

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

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

Adopted: December 9, 1993.

Chairman of Public Service Board

Member

Member

12/03/93
GVC.A3
35455/92002

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

WATER REFUNDING REVENUE BOND, SERIES 2003 A

BOND RESOLUTION

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REFUNDING REVENUE BOND, SERIES 1992, OF GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $937,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BOND, SERIES 2003 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Green Valley-Glenwood Public Service District (the "Issuer") is a public service district and public corporation of the State of West Virginia in Mercer County of said State.

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

C. The Issuer has heretofore issued a Water Refunding Revenue Bond, Series 1992 (the "1992 Bond"), in the original aggregate principal amount of $1,403,388, dated November 12, 1992, and held by First Community Bank, Inc.

D. It is in the best interest of the Issuer that the 1992 Bond be currently refunded in order to allow the Issuer to take advantage of the interest savings.

E. The estimated cost of refunding the 1992 Bond is not more than $937,000.

F. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bond, Series 2003 A (the "Bond") in the total aggregate principal amount of not more than $937,000 to finance the cost of refunding the 1992 Bond.

G. It is in the best interest of the Issuer that the Bond be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the commitment letter of the Purchaser dated August 26, 2003.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the refunding of the 1992 Bond and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things, the obtaining of the approval of this refunding from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

I. There is an outstanding obligation of the Issuer which will rank on a parity with the Series 2003 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water Revenue Bond, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000 (the "Prior Bonds").

Unless waived by the Holder of the Prior Bonds, the Issuer has obtained a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and the written consent of the Holders of the Prior Bonds to the issuance of the Series 2003 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

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

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

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

"Bond" or "Series 2003 A Bond" means the $937,000 Water Refunding Revenue Bond, Series 2003 A, authorized hereby to be issued pursuant to this Bond Legislation.

"1992 Bond" means the Water Refunding Revenue Bond, Series 1992, of the Issuer described in Section 1.02C hereof.

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

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

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

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

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

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

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

"Issuer" means Green Valley-Glenwood Public Service District, in Mercer County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs of the Project, fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as hereinafter defined), other than those capitalized as part of the costs of the Project, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bond, charges for depreciation, losses from the sale or

other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Prior Bonds" means the Series 1993 Bonds.

"Prior Resolution" means the Resolution, as supplemented of the District authorizing the Series 1993 Bonds.

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

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

I. Government Obligations;

(a) 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;

(b) 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;

(c) 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;

(d) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(f) 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;

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

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

"Regulations" means temporary and permanent regulations promulgated under the Code.

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

"Series 1993 Bonds" means the District's Water Revenue Bonds, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000.

"State" means the State of West Virginia.

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

"System" means the complete waterworks system of the Issuer, and shall include the existing facilities, any further additions, extensions and improvements thereto hereafter constructed or acquired for said 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 neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BOND

Section 2.01. Authorization of Bond. For the purpose of refunding the 1992 Bond not otherwise provided for and paying certain costs of issuance and related costs, there is hereby authorized to be issued the Water Refunding Revenue Bond, Series 2003 A, of the Issuer, in the aggregate principal amount of not more than $937,000.

Section 2.02. Terms of Bond. The Bond shall be issued in single form, numbered R-1, and only as a fully registered Bond. The Bond shall be dated such date; shall be in such principal amount, not to exceed $937,000; shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such dates; shall mature on such dates and in such amounts; and shall be subject to such repayment or redemption, all as the Issuer shall prescribe in a Supplemental Resolution. The Bond shall be payable as to principal and interest at the office of the Paying Agent in any coin or currency which, on the dates of payment is legal tender for the payment of public or private debts under the laws of the United States of America.

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

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

Section 2.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of the Bond, shall be conclusively deemed to have agreed that the Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that the Bond shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. The Bond so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

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

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

[FORM OF BOND]

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WATER REFUNDING REVENUE BOND, SERIES 2003 A

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the order of

- _____ -

or registered assigns (the "Payee"), the principal sum of _____ ($_____), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of _____% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and the actual number of days in a month (actual number of days divided by 360) payable for the actual number of days elapsed during any portion of a month.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate of ___% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. The Bond shall be payable in ____ monthly installments, commencing _____, 2003, and continuing on the 1st day of each month thereafter, to and including _____, 20____. The monthly installments shall consist of principal and interest.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on November 1, 2012, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

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

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

This Bond is issued to refund the Water Revenue Refinancing Bond, Series 1992, of the Issuer. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on _____, 2003, and a Supplemental Resolution, duly adopted by the Issuer on _____, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on the Bond is payable only from and secured by a pledge of the Net Revenues on a parity with the Water Revenue Bond, Series 1993 (as defined in the Bond Legislation) to be derived from the operation of the System.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for the terms of which reference is made to said Bond Legislation. Remedies provided the Payee are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this

Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 2003.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____

_____,
as Registrar

By _____
Its Authorized Officer

[Form of Assignment]

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

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

Section 2.11. Disposition of Bond Proceeds. Upon the issuance and delivery of the Bond, the Issuer shall forthwith apply the proceeds of the Bond to pay in full the entire principal of and interest accrued on the 1992 Bond to First Community Bank, Inc.

ARTICLE III

SYSTEM REVENUES AND APPLICATION THEREOF

Section 3.01. Covenants of the Issuer as to System Revenues. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund established with the Depository Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein 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 herein.

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:

(i) The Issuer shall first each month pay from the monies in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bond (a) transfer from the Revenue Fund and remit to the National Finance Office (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest and principal on the Prior Bond; and (b) transfer from the Revenue Fund and remit to the Paying Agent designated in the Bond (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue. All payments with respect to principal of and interest on the 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;

(iii) The Issuer shall next, transfer from the Revenue Fund, the amounts required by the Prior Resolution to be deposited in the Reserve Account and Depreciation Reserve for the Prior Bond; and

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

ARTICLE IV

GENERAL COVENANTS

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

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

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

Section 4.04. Issuance of Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Resolutions authorizing the Prior Bonds shall be applicable. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bond, provided, however, that a separate debt service reserve fund may be established exclusively for such Parity Bonds.

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

No Parity Bonds shall be issued at any time, however, unless the Issuer certifies in writing that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity 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 such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bond then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in the certificate of the Issuer.

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bond on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which

rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bond.

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

Section 4.05. Insurance and Bonds. A. 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 Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

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

(iii) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured

or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(vi) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer.

(vii) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer.

B. All insurance proceeds awarded to the Issuer that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the Issuer to prepayment of the Bond, unless otherwise consented to in writing by the Bondholder.

Section 4.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, 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 Bond, on a parity with the Prior Bonds.

Section 4.07. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

Section 4.08. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.09. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 4.10. 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 Bond is outstanding.

Section 4.11. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on March 15, 1993, Case No. 92-0652-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VI

TAX COVENANTS

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

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

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

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

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bond and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

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

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

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

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 6.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 6.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bond:

1. If default occurs in the due and punctual payment of the principal of or interest on the Bond; or

(A) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bond set forth in this Bond Legislation, any supplemental resolution, or in the Bond, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Bond;

(B) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(C) If default occurs with respect to the Prior Bonds or the Resolutions authorizing the Prior Bonds.

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, the Registered Owner of the Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owner including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bond, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owner of the Bond, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bond, or the rights of such Registered Owner.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2003 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

ARTICLE VIII

DEFEASANCE

Section 8.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then this Bond Legislation and the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Bond from gross income for federal income tax purposes.

The payment of the Bond with either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on the Bond shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Bond shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Paying Agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on the Bond on and prior to the maturity dates thereof. Neither securities nor monies deposited with the Paying Agent pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on the Bond; provided, that any cash received from such principal or interest payments on such securities deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on the Bond on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying Agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Amendment or Modification of Bond Legislation. This Bond Legislation may not be amended or modified after final passage without the prior written consent of the Registered Owner; provided, however, that this Bond Legislation may be amended without the consent of the Registered Owner as may be necessary to assure the exclusion of interest on the Bond from gross income of the Registered Owner for federal income tax purposes.

Section 9.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Bond.

Section 9.03. Table of Contents and Headings. The table of contents and headings of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 9.04. Designation of Bond as "Qualified Tax-Exempt Obligation". The Issuer hereby designates the Bond for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bond does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bond, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2003.

Section 9.05. Conflicting Provisions Repealed. All orders, indentures, or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Resolution authorizing the Prior Bonds, the Resolution authorizing the Prior Bonds shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

Section 9.06. 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 9.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 9th day of October, 2003.

Chairman, Public Service Board

CERTIFICATION

Certified a true copy of a Bond Resolution duly adopted by the Public Service Board of Green Valley-Glenwood Public Service District on this 9th day of October, 2003.

Date: October 10, 2003.

[SEAL]

Secretary, Public Service Board

10/08/03
354550.00003

United States Department of Agriculture
Rural Development
West Virginia State Office

July 8, 2005

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), in the original aggregate principal amount of not to exceed $1,470,000 and the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), in the original aggregate principal amount of not to exceed $698,000 (collectively, the "Bonds"), by Green Valley-Glenwood Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bond, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000 (the "Prior Bonds"); and (ii) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution.

By:_____
Its: State Director

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03-CCC

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

ORIGINAL

Entered: November 10, 2003

FINAL
11-30-03

CASE NO. 03-0715-PWD-CN

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT,
a public utility, Bluefield, Mercer County.
Application for a certificate of convenience and necessity to construct water system storage facilities and to construct water distribution system facilities to extend water service to approximately 116 customers in the Sandlick and Route 20 areas of District.

RECOMMENDED DECISION

On April 2, 2003, Green Valley-Glenwood Public Service District (Utility) filed a certificate application with the Commission to construct improvements to its storage facilities and to extend water service to approximately 116 customers in Mercer County. The project is estimated to cost $2,470,000.

On May 9, 2003, the Commission required the Utility to publish notice of its filing. On May 29, 2003, the Utility provided an affidavit of publication demonstrating that the notice of filing was properly published. Additionally, the Utility complied with the Commission's rules in notifying its customers on their bills that there may be a rate increase associated with the project.

On June 2, 2003, the Commission referred the matter. The current decision due date is January 5, 2004.

On November 5, 2003, Staff recommended that the project be approved without hearing. Staff recommended certain rates for use upon substantial completion of the project.

On November 6, 2003, the Utility indicated that it was in agreement with the Staff recommendations.

There have been no protests related to this project.

Given the agreement between Staff and the Utility and the lack of protests to the project, the Staff recommendation should be adopted as the resolution of this case.

FINDINGS OF FACT

1. On April 2, 2003, the Utility filed an application for a certificate to construct improvements to its water storage facilities and to extend water service to approximately 116 customers in Mercer County. (See application).

2. The project is estimated to cost $2,470,000. (See application and Staff Memorandum filed November 5, 2003).

3. The Utility properly published notice of the filing and the notice resulted in no protest being filed with the Commission. (See affidavit filed May 29, 2003; file generally).

4. The project will extend the Utility's water distribution system in the Sand Lick and Route 20 areas located between New Hope and Littlesburg, to serve a potential of 116 residential customers. (See Staff Memorandum filed November 5, 2003).

5. The residents of the project area have inadequate individual water systems consisting primarily of wells, which produce poor quality and quantity of water. (Id.).

6. The Utility currently serves about 3,096 customers. (Id.).

7. The project includes the construction of a water connection between the Utility and the Bluewell Public Service District, designed to provide an emergency water source for both Utilities. (Id.).

8. It is projected that the project will increase the Utility's annual operation and maintenance expenses by $23,660, which Staff views as reasonable. (Id.).

9. The Utility has obtained a permit from the Office of Environmental Health Services to construct the project. (Id.).

10. The Utility has 87 signed User's Agreements for the project area. (Id.).

11. The per customer cost of the project, given its projected total cost, is $28,391, which Staff views as extremely high and not feasible for most systems. (Id.).

PUBLIC S :E COMMISSION
OF WeST VIRGINIA
CHARLESTON

12. The number of customers per mile for the project is approximately 12.43, which Staff believes to be low. (Id.).

13. The proposed financing is a $1,000,000 grant from the USDA Rural Utilities Service (RUS) and an RUS loan in the amount of $1,470,000 for 40 years at 4.875% interest. Payment for the first 24 months consists of interest only. (Id.).

14. If one calculates the cost per customer excluding the million dollars covered by the grant, the cost per customer is $16,897. (Id.).

15. Given the high cost per customer to be served, the Utility's existing customers will contribute significantly to the financing of the project. However, Staff believes that, given the large number of existing customers, the financial burden upon each existing customer will be minimal. (Id.).

16. The project will provide residents of the area with public water for fire protection. (Id.).

17. The plans and specifications for the project are in general conformance with the Commission's rules and regulations. (Id.).

18. The Staff-recommended rates generate a $35,802 surplus, available for capital additions, and a debt coverage of 119.76%, which meets or exceeds the requirement in the Utility's bonds. (Id.).

19. The minimum bill under the Staff-recommended rates will increase from $13.78 to $14.98. (Id.).

20. The current bill for 4,500 gallons of usage will increase from $26.89 to $29.23, or 9.82%.

21. Staff recommended that any sales for resale be provided through the standard rate blocks. (Id.).

22. The Utility agreed to accept all Staff recommendations including the Staff-recommended rates. (See Filing of November 6, 2003).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.

2. The proposed financing is reasonable and should be approved.

PUBLIC S .E COMMISSION
OF WEST VIRGINIA
CHARLESTON

3. The Staff-recommended rates are reasonable and should be approved for use by the Utility upon substantial completion of the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by the Green Valley-Glenwood Public Service District on April 2, 2003, for a certificate to construct improvements to its water storage facilities and its water distribution system to provide service to approximately 116 potential customers in the Sand Lick and Route 20 areas be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing, consisting of a $1,000,000 grant from the USDA Rural Utilities Service and a $1,470,000 loan from the USDA Rural Utilities Service for forty (40) years, at 4.875% interest, be, and hereby is, approved.

IT IS FURTHER ORDERED that the attached rates be, and hereby are, approved for use by the Utility upon substantial completion of the project. The Utility shall file an original and five copies of a tariff within thirty (30) days of the date that this Order becomes the Final Order of the Commission.

IT IS FURTHER ORDERED that the Green Valley-Glenwood Public Service District file with the Commission a copy of the bids as soon as they are tabulated.

IT IS FURTHER ORDERED that the Green Valley-Glenwood Public Service District notify the Commission when its engineers perform the substantial completion inspection.

IT IS FURTHER ORDERED that, if there are any changes in the scope of the project or the financing, the Green Valley-Glenwood Public Service District be, and hereby is, required to seek the reopening of this petition and Commission review and approval before proceeding to construction.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the

parties filing exceptions shall certify that all parties of record have been served the exceptions.

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:jas
030715ac.wpd

Public Service Commission
of West Virginia
Charleston

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
CASE NO. 03-0715-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

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

RATES

First	2,000 gallons used per month	$7.49 per 1,000 gallons
Next	2,000 gallons used per month	6.00 per 1,000 gallons
Next	6,000 gallons used per month	4.50 per 1,000 gallons
Next	90,000 gallons used per month	3.00 per 1,000 gallons
All Over	100,000 gallons used per month	1.50 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

			Equivalent Gallons
5/8	- inch meter	$14.98	2,000
3/4	- inch meter	22.45	3,200
1	- inch meter	37.45	6,300
1-1/4	- inch meter	54.70	10,200
1-1/2	- inch meter	74.90	16,900
2	- inch meter	119.85	32,000
3	- inch meter	224.70	66,900
4	- inch meter	374.50	133,900
6	- inch meter	749.00	383,800
8	- inch meter	1,198.40	683,500

PUBLIC S E COMMISSION
OF W T VIRGINIA
CHARLESTON

SPRINKLER SYSTEMS AND PRIVATE FIRE PROTECTION SYSTEMS

Where connections, hydrants, sprinklers, etc. on private property are maintained by consumer:

2 - inch or less service line with hydrants, sprinklers and/or hose connections	$ 7.26 per month
3 - inch or less service line with hydrants, sprinklers and/or hose connections	$ 16.36 per month
4 - inch service line with hydrants, sprinklers and/or hose connections	$ 29.07 per month
6 - inch service line with hydrants, sprinklers and/or hose connections	$ 65.43 per month
8 - inch service line with hydrants, sprinklers and/or hose connections	$116.33 per month
10 - inch service line with hydrants, sprinklers and/or hose connections	$181.76 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net amount unpaid. This Delayed Payment Penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION FEE - $15.00

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

TAP FEE

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

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

PUBLIC S E COMMISSION
OF W VIRGINIA
CHARLESTON

INCREMENTAL COST OF WATER PURCHASED AND PRODUCED

$0.88 per M gal. To be charged for all water billed in excess of the customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter.

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OF W VIRGINIA
CHARLESTON

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 24th day of June, 2005.

CASE NO. 03-0715-PWD-CN (Reopened)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, a public utility, Bluefield, Mercer County.
Petition to reopen.

COMMISSION ORDER

By Recommended Decision entered on November 10, 2003 (Final November 30, 2003), the Green Valley-Glenwood Public Service District (District) was granted a certificate of convenience and necessity to construct improvements to its water storage facilities and its water distribution system to provide service to approximately 116 potential customers in the Sand Lick and Route 20 areas. The District's proposed financing was also approved and consisted of a $1,000,000 USDA Rural Utilities Service (RUS) grant and a $1,470,000 USDA RUS loan at 4.875% interest for 40 years. Certain rates were approved for use by the District upon substantial completion of the project.

On April 15, 2005, due to a bid overrun the District filed a petition to reopen this case for expedited approval of revised financing, consisting of an additional $200,000 RUS grant and an additional $700,000 RUS loan at 4.5% interest, or less. The District attached to its petition various documents in support thereof, including cash flow calculations showing the revenue requested by the District versus what was approved by the Commission.

On May 10, 2005, Commission Staff filed an Initial Joint Staff Memorandum and "Commission Staff's Second Set of Interrogatories, Data Request or Request for Information to Green Valley-Glenwood Public Service District."

On May 25, 2005, this matter was referred to the Division of Administrative Law Judges for a decision by November 14, 2005.

On May 26, 2005, the District responded to Staff's discovery requests and filed various documents.

On June 6, 2005, the District requested that the Commission rescind the referral of this case as a bond pre-closing date was scheduled for June 27, 2005 so as to enable the District to obtain a lower interest rate of 4.25% by the end of June, which is less than the interest rate forecast in the certificate application.

On June 14, 2005, Staff filed its Final Joint Staff Memorandum. Legal Staff noted that the District originally published its certificate legal advertisement on May 22, 2003 in the *Bluefield Daily Telegraph* and there were no protests filed within the thirty-day protest period. Given Staff's cash flow analysis, Staff reasoned that there is no need for further publication of rates.

The Engineering Division Technical Staff explained the project as originally filed included three contracts, with Contract 1 having two Deductive Alternates. The project as reopened still included three contracts, but Contract 1 had one Deductive Alternate and two Additive Alternates, Contract 2 included two Additive Alternates and Contract 3 included two Deductive Alternates. Staff detailed the changes, including the alternates to replace the Dove Lane tank and the removal of two tanks, and stated that such basic changes to the bid documents are considered a change in the project scope.

The Utilities Division Technical Staff indicated that its cash flow analysis reflects the District's requested rates generating sufficient revenue to cover the additional $29,885 debt service and related $2,989 (10%) reserve funding requirement. The 10% requirement applies only to the new bond issues because reserve funding for existing bonds is currently at the minimum required level. Staff also said the requested rates generate a $42,928 surplus available for construction and debt coverage of 121.40%, which meets the 115% required by the bond agreement.

The Utilities Division Technical Staff also gave the following explanation in support of its recommended tariffs:

> The Order of West Virginia-American Water Company (WVAWC), Case No. 04-0373-W-42T, dated December 23, 2004, allowed WVAWC to implement rate increases on January 1, 2005 and June 1, 2005. In Case No. 05-0112-PWD-30B, the District was allowed to increase each block

rate by $0.03 effective May 3, 2005 and an additional $0.01 per block effective for all bills rendered after July 1, 2005. Staff pointed out that in order to have the effective July 1, 2005 rates approved, the District must publish a second time informing its customers of the new effective date and rates. For this reason the Commission Order included a recommended tariff reflecting only a $0.03 per block increase, but directed the District to publish notice of the second increase ($0.01 per block) and file affidavits of publication with the Commission. Column (1) of Staff's Cash Flow Statement . . . reflects $1,256,127 in revenue generated by the rates published by the District in this certificate case. Since the $1,255,554 recommended by Staff in Column (3) is a lesser amount, there appears to be no need for a further publication of rates. Nevertheless, Staff must recommend two tariffs for the current case. The first tariff . . . is to become effective July 1, 2005 and includes the entire $0.04 per block purchased water increase. The second tariff . . . reflects the post construction rates including the $0.04 per block. The rates reflected . . . increase the current minimum bill of $13.84 for 2,000 gallons by $.02, to 13.86. The post construction rates reflected . . . would increase this $13.86 by $1.70, or 12.27%, to $15.56 after construction is complete and in service to customers.

Thus, Commission Staff recommended that the case be reopened and the additional funding and recommended tariffs be approved. Staff further recommended that if there are any changes in the scope of the project or increased financing occurs that the District be required to seek permission from the Commission before proceeding. Finally, the District is to notify the Commission when its Engineer has performed the substantial completion inspection.

DISCUSSION

The Commission will reopen this case and rescind the Commission Referral Order of May 25, 2005.

The Commission finds that it is reasonable to approve the change in scope, as described by Technical Staff. The Commission will also approve as reasonable the additional funding requested, consisting of an additional $200,000 RUS grant and an additional $700,000 RUS loan at 4.5% interest, or less.

The Commission recognizes Staff's inclusion in its recommended tariffs of both phases which were recommended in the District's 30B case (Case No. 05-0112-PWD-

30B). However, the Commission Order in Case No. 05-0112-PWD-30B stated the following:

> With regard to the second stage of increases, the Commission will direct the District to publish notice of the second increase and file affidavits of publication with this Commission. Following expiration of the protest period provided in the notice, and in the absence of substantial protest, the Commission will issue a further order finally adopting the second stage of increases as recommended by Staff.

In its review of Case No. 05-0112-PWD-30B, the Commission notes that a Certificate of Publication was filed on June 22, 2005, evidencing that Notice of Filing was published in the *Bluefield Daily Telegraph* on June 22, 2005. Pursuant to the Notice of Filing, a twenty-day protest period is in effect and will expire on July 12, 2005.

Therefore, the Commission finds that Staff's first recommended tariff, which Staff recommended to go into effect July 1, 2005, cannot be approved with the recommended effective date as it incorporates the second phase of the District's 30B increase. The Commission will allow Staff's first recommended tariff to become effective after approval is finally granted for the District's second 30B phase increase in Case No. 05-0112-PWD-30B.

Further, the Commission will also approve Staff's second recommended tariff, which includes the post construction rates including both phases of the 30B increase. This approval shall be contingent upon final approval for the District's second 30B phase increase in Case No. 05-0112-PWD-30B.

FINDINGS OF FACT

1. On April 15, 2005, due to a bid overrun the District filed a petition to reopen this case for expedited approval of revised financing, consisting of an additional $200,000 RUS grant and an additional $700,000 RUS loan at 4.5% interest, or less. The District attached to its petition various documents in support thereof, including cash flow calculations showing the revenue requested by the District versus what was approved by the Commission.

2. On May 25, 2005, this matter was referred to the Division of Administrative Law Judges for a decision by November 14, 2005.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

3. On June 6, 2005, the District requested that the Commission rescind the referral of this case as a bond pre-closing date was scheduled for June 27, 2005, so as to enable the District to obtain a lower interest rate of 4.25% by the end of June, which is less than the interest rate forecast in the certificate application.

4. On June 14, 2005, Staff recommended that the additional funding and recommended tariffs be approved, without further publication of rates. Staff further recommended that if there are any changes in the scope of the project or increased financing occurs that the District be required to seek permission from the Commission before proceeding. Finally, the District is to notify the Commission when its Engineer has performed the substantial completion inspection.

5. Case No. 05-0112-PWD-30B, involving the District's request for a 30B increase, is not yet final.

6. In Case No. 05-0112-PWD-30B, a Certificate of Publication was filed on June 22, 2005, evidencing that the Notice of Filing was published in the *Bluefield Daily Telegraph* on June 22, 2005. Pursuant to the Notice of Filing, a twenty-day protest period is in effect and will expire on July 12, 2005.

CONCLUSIONS OF LAW

1. This case should be reopened and the Commission Referral Order of May 25, 2005, rescinded.

2. It is reasonable to approve the change in scope, as described by Technical Staff.

3. The additional funding requested, consisting of an additional $200,000 RUS grant and an additional $700,000 RUS loan at 4.5% interest, or less, should be approved.

4. Staff's first recommended tariff, which Staff recommended to go into effect July 1, 2005, should not be approved for the recommended effective date as it incorporates the second phase of the District's 30B increase which is not yet final. Such tariff should not become effective until after approval is finally granted for the District's second 30B phase increase in Case No. 05-0112-PWD-30B.

5. Staff's second recommended tariff, which includes the post construction rates including both phases of the 30B increase, should be approved contingent upon final approval for the District's second 30B phase increase in Case No. 05-0112-PWD-30B.

ORDER

IT IS, THEREFORE, ORDERED that the Green Valley-Glenwood Public Service District's petition to reopen is hereby granted.

IT IS FURTHER ORDERED that the May 25, 2005 Commission Referral Order is hereby rescinded.

IT IS FURTHER ORDERED the change in scope of the Green Valley-Glenwood Public Service District's project, as described by Technical Staff, is hereby approved.

IT IS FURTHER ORDERED the additional funding requested by the Green Valley-Glenwood Public Service District, consisting of an additional $200,000 RUS grant and an additional $700,000 RUS loan at 4.5% interest, or less, is hereby approved.

IT IS FURTHER ORDERED Staff's first recommended tariff, attached hereto as Attachment A, is hereby approved to become effective immediately after approval is finally granted for the District's second 30B phase increase in Case No. 05-0112-PWD-30B.

IT IS FURTHER ORDERED the Green Valley-Glenwood Public Service District file an original and five copies of the revised tariff, approved herein as Attachment A, within 10 days of the Commission's final approval in Case No. 05-0112-PWD-30B.

IT IS FURTHER ORDERED that Staff's second recommended tariff, attached hereto as Attachment B, is hereby approved for use by the Green Valley-Glenwood Public Service District after substantial completion of the project discussed herein, contingent upon the final approval for the District's second 30B phase increase in Case No. 05-0112-PWD-30B.

IT IS FURTHER ORDERED the Green Valley-Glenwood Public Service District notify the Commission, in writing, of the project's completion date and provide a copy of the engineer's "Certificate of Substantial Completion" to Commission Staff, within ten (10) days of the issuance of such.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

IT IS FURTHER ORDERED the Green Valley-Glenwood Public Service District file an original and five copies of the revised tariff, approved herein as Attachment B, with the Commission within ten (10) days of the completion of the project.

IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the District shall petition the Commission to reopen this proceeding for approval of the same.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

TBS/ljm
030715cb.sca

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

APPROVED RATES

SPRINKLER SYSTEMS AND PRIVATE FIRE PROTECTION SYSTEMS

Where connections, hydrants, sprinklers, etc. on private property are maintained by consumer:

2 - inch or less service line with hydrants, sprinklers and/or hose connections	$ 7.16 per month
3 - inch or less service line with hydrants, sprinklers and/or hose connections	16.13 per month
4 - inch service line with hydrants, sprinklers and/or hose connections	28.67 per month
6 - inch service line with hydrants, sprinklers and/or hose connections	64.52 per month
8 - inch service line with hydrants, sprinklers and/or hose connections	114.71 per month
10 - inch service line with hydrants, sprinklers and/or hose connections	179.23 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net amount unpaid. This Delayed Payment Penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION FEE - $15.00

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

TAP FEE

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

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

A tap fee of $300.00 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.

INCREMENTAL COST OF WATER PURCHASED AND PRODUCED

$0.93 per M gal. To be charged for all water billed in excess of the customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

APPROVED RATES

APPLICABILITY

Applicable in entire territory served

AVAILABILITY OF SERVICE

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

RATES

First	2,000 gallons used per month	$ 6.93 per 1,000 gallons
Next	2,000 gallons used per month	5.56 per 1,000 gallons
Next	6,000 gallons used per month	4.18 per 1,000 gallons
Next	90,000 gallons used per month	2.80 per 1,000 gallon
All over	100,000 gallons used per month	1.42 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 or 3/4 - inch meter	$ 13.78
3/4 - inch meter	20.65
1 - inch meter	34.45
1 -1/4 - inch meter	50.30
1 -1/2 - inch meter	68.90
2 - inch meter	110.25
3 - inch meter	206.70
4 - inch meter	344.50
6 - inch meter	689.00
8 - inch meter	1,102.40

The above minimum charge is subject to an additional $0.04 per 1,000 gallons of water used per month.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
APPROVED RATES - EFFECTIVE POST CONSTRUCTION

APPLICABILITY
Applicable in entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial, and sale for resale service

RATES

First	2,000 gallons used per month	$ 7.78 per 1,000 gallons
Next	2,000 gallons used per month	6.24 per 1,000 gallons
Next	6,000 gallons used per month	4.69 per 1,000 gallons
Next	90,000 gallons used per month	3.14 per 1,000 gallon
All over	100,000 gallons used per month	1.59 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 or 3/4 - inch meter	$ 15.48
3/4 - inch meter	23.22
1 - inch meter	38.70
1 -1/4 - inch meter	56.50
1 -1/2 - inch meter	77.40
2 - inch meter	123.84
3 - inch meter	232.20
4 - inch meter	387.00
6 - inch meter	774.00
8 - inch meter	1,238.40

The above minimum charge is subject to an additional $0.04 per 1,000 gallons of water used per month.

RETURNED CHECK CHARGE
A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
APPROVED RATES - EFFECTIVE POST CONSTRUCTION

SPRINKLER SYSTEMS AND PRIVATE FIRE PROTECTION SYSTEMS

Where connections, hydrants, sprinklers, etc. on private property are maintained by consumer:

2 - inch or less service line with hydrants, sprinklers and/or hose connections	$ 7.50	per month
3 - inch or less service line with hydrants, sprinklers and/or hose connections	16.90	per month
4 - inch service line with hydrants, sprinklers and/or hose connections	30.03	per month
6 - inch service line with hydrants, sprinklers and/or hose connections	67.59	per month
8 - inch service line with hydrants, sprinklers and/or hose connections	120.17	per month
10 - inch service line with hydrants, sprinklers and/or hose connections	187.76	per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net amount unpaid. This Delayed Payment Penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION FEE - $15.00

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

TAP FEE

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

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

A tap fee of $300.00 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.

INCREMENTAL COST OF WATER PURCHASED AND PRODUCED

$0.93 per M gal. To be charged for all water billed in excess of the customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter.

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 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 8th day of July, 2005, at Bluefield, West Virginia, the undersigned received for the Purchaser the single, fully registered Green Valley-Glenwood Public Service District Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), No. AR-1, in the principal amount of $1,470,000 and the single, fully registered Green Valley-Glenwood Public Service District Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), No. BR-1, in the principal amount of $698,000 (collectively, the "Bonds"), dated the date hereof, both bearing interest at the rate of 4.125% 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 have been executed and sealed by the designated officials of the Public Service Board of Green Valley-Glenwood Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of $165,790 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.

4. At the time of such receipt, the undersigned also received three sets of bond transcript documents.

WITNESS my signature on this 8th day of July, 2005.

Teresa A. Miller
Authorized Representative

05/26/05
354550/00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $1,470,000

FOR VALUE RECEIVED, that on this 8th day of July, 2005, GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS ($1,470,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $6,395, 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 Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the 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 27, 2005, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1993, AND WATER REFUNDING REVENUE BOND, SERIES 2003 A, THE PRIOR BONDS DESCRIBED IN THE RESOLUTION, AND THE WATER REVENUE BONDS, SERIES 2005 B, DATED JULY 8, 2005, IN THE AGGREGATE PRINCIPAL AMOUNT OF $698,000, ISSUED SIMULTANEOUSLY HEREWITH.

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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 VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
P.O. Box 6099
Bluefield, West Virginia 24701-6099

ATTEST:

Secretary, Public Service Board

SPECIMEN

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 20,000	July 8, 2005	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITES STATES OF AMERICA
STATE OF WEST VIRGINIA
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

$698,000

FOR VALUE RECEIVED, that on this 8th day of July, 2005, GREEN VALLEY-GLENWOOD 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 SIX HUNDRED NINETY-EIGHT THOUSAND DOLLARS ($698,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $3,037, 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 Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the 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 27, 2005, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1993 AND WATER REFUNDING REVENUE BOND, SERIES 2003 A, THE PRIOR BONDS DESCRIBED IN THE RESOLUTION, AND THE WATER REVENUE BONDS, SERIES 2005 A, DATED JULY 8, 2005, IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,470,000, ISSUED SIMULTANEOUSLY HEREWITH.

IN WITNESS WHEREOF, GREEN VALLEY-GLENWOOD 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 VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
P.O. Box 6099
Bluefield, West Virginia 24701-6099

ATTEST:

Secretary, Public Service Board

SPECIMEN

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 145,790	July 8, 2005	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

05/26/05
354550/00001

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE) AND
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,168,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	July 8, 2005	United States Department of Agriculture	Marty M. Maniatti
BR-1	July 8, 2005	United States Department of Agriculture	Marty M. Maniatti

05/26/05
354550.00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
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www.steptoe-johnson.com

Writer's Contact Information

July 8, 2005

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Green Valley-Glenwood Public Service District in Mercer County, West Virginia (the "Issuer"), of its $1,470,000 Water Revenue Bonds, Series 2005 A, 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 27, 2005 (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 duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the 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 Water Revenue Bond, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000, and the Water Refunding Revenue Bond, Series 2003 A, dated October 10, 2003, issued in the original aggregate principal amount of $914,376, and the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), dated July 8, 2005, issued in the original aggregate principal amount of $698,000, issued simultaneously herewith.

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, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or 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 said State, and 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 the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEPTOE & JOHNSON PLLC

05/23/05
354550/00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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www.steptoe-johnson.com

Writer's Contact Information

July 8, 2005

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Green Valley-Glenwood Public Service District in Mercer County, West Virginia (the "Issuer"), of its $698,000 Water Revenue Bonds, Series 2005 B, 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 27, 2005 (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 duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the 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 Water Revenue Bond, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000, and the Water Refunding Revenue Bond, Series 2003 A, dated October 10, 2003, issued in the original aggregate principal amount of $914,376, and the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), dated July 8, 2005, issued in the original aggregate principal amount of $1,470,000, issued simultaneously herewith.

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, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or 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 said State, and 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 the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEPTOE & JOHNSON PLLC

05/23/05
354550/00001

LAW OFFICES
WILLIAM S. WINFREY, II
W. VA. STATE BAR 4093
1608 MAIN STREET WEST
POST OFFICE BOX 1159
PRINCETON, WV 24740

TELEPHONE
304-487-1887
~~
TELECOPIER
304-425-7340

FILE NO.
97-204

July 8, 2005

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Green Valley-Glenwood Public Service District, a public service district in Mercer County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted June 27, 2005 (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 Mercer County relating to the creation and expansion 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.

I am 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, 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 Mercer County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges.

6. To the best of my knowledge, 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,

WILLIAM S. WINFREY, II

05/23/05
354550/00001

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 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 Valley-Glenwood Public Service District in Mercer 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 8th day of July, 2005, in connection with the Green Valley-Glenwood Public Service District Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of $1,470,000 and bearing interest at the rate of 4.125% per annum (the "Series 2005 A Bonds") and the Green Valley-Glenwood Public Service District Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), No. BR-1, dated the date hereof, fully registered, in the principal amount of $698,000 and bearing interest at the rate of 4.125% per annum (the "Series 2005 B Bonds") (collectively, the "Bonds" or the "Series 2005 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 July 25, 2001, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted June 27, 2005, 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.

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

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

The Issuer has received the Recommended Decision and Commission Order of the Public Service Commission of West Virginia dated November 10, 2003 and June 24, 2005, in Case No. 03-0715-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving rates for the Project. The time for appeal of such Recommended Decision has expired prior to the date hereof. The time for appeal of the June 24, 2005 Order has not expired prior to the date hereof. However, the Issuer has certified that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Orders remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1993, dated December 15, 1993, issued in the original aggregate principal amount of $414,000 and Water Refunding Revenue Bond, Series 2003 A, dated October 10, 2003, issued in the original aggregate principal amount of $914,376 (collectively, 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 2005 Bonds as to liens, pledge and/or source of and security for payment.

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

1993 Bond Resolution

2003 A Bond Resolution

Consent to Issuance of Parity Bonds

Public Service Commission Orders

County Commission Orders Regarding Creation and Enlargement of the District and Approval of Public Service Commission

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes of Adoption of Bond Resolution and Affidavit of Publication

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Loan Agreement

United States Department of Agriculture Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Green Valley-Glenwood Public Service District" and its principal office and place of business are in Mercer 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:

Name	Date of Commencement of Office	Date of Termination of Office
Jimmy W. Welch	11/1/99	11/1/05
Gregory L. Wimmer	11/1/04	10/31/10
James Carter	11/1/01	11/1/07

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2005 are as follows:

Chairman	-	Jimmy W. Welch
Secretary	-	Marty Mariotti
Treasurer	-	Gregory L. Wimmer

The duly appointed and acting Attorney for the Issuer is William S. Winfrey, II, of Princeton, West Virginia. The duly appointed general manager for the Issuer is Marty Mariotti.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Bonds were delivered to the Purchaser at Bluefield, 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 $165,790 was received by the undersigned Chairman, being a portion of the principal amount of the 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 4.125% 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 3,189 bona fide full-time users upon the Project 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 grant from the Purchaser in the amount of $1,000,000 and the subsequent grant from the Purchaser in the amount of $202,000 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.

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Attorney for Issuer

05/26/05
354550/00001

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Robert D. Hazelwood, Registered Professional Engineer, West Virginia License No. 8452, of Pentree, Incorporated, Princeton, 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 Valley-Glenwood Public Service District (the "Issuer"), to be acquired and constructed in Mercer 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 8th day of July, 2005.

ROBERT D. HAZELWOOD REGISTERED 8452 STATE OF WEST VIRGINIA PROFESSIONAL ENGINEER

PENTREE, INCORPORTED

Robert D. Hazelwood

Robert D. Hazelwood, P.E.
West Virginia License No. 8452

05/23/05
354550/00001

Jeffrey S. Feamster, CPA

Jeffrey S. Feamster
Certified Public Accountant
P.O. Box 982
Lewisburg, West Virginia 24901

Phone: (304) 647-5980
Fax: (801) 640-8611
Cellular: (304) 667-5990
Email: jeff@mcswv.com

July 8, 2005

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Elkins, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia in Case No. 03-0715-PWD-CN dated June 24, 2005, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Pentree, Incorporated, Consulting Engineer, it is my opinion that such rates and charges will be sufficient to provide Revenues of Green Valley – Glenwood Public Service District (the "Issuer") in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture) and the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) (the "Series 2005 Bonds"), and the Prior Bonds and sufficient to make the payments required by the Bond Resolution and the Prior Resolutions into all funds and accounts and all the necessary expenses of operating and maintaining the System during each Fiscal Year.

It is my further opinion that the Net Revenues for the fiscal year following the year in which the Series 2005 Bonds are issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2005 Bonds. Further, the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2005 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 such Series 2005 Bonds, shall not be 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 Prior Bonds and the Series 2005 Bonds.

Capitalized terms not defined herein have the meanings set forth in the Bond Resolution adopted by the Issuer on June 37, 2005.

Very truly yours,

Jeffrey S. Feamster, CPA

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, November 5th, 1963.

Present:	Frank Gibson,	Commissioner.
Present:	Daniel T. Carr, Jr.	Commissioner,

This being the date fixed by prior action of the Count Court for conducting the public hearing on the creation of the proposed Green Valley-Glenwood Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on October 14, 1963, the presiding Commissioner announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Frank Gibson introduced and caused to be read a proposed resolution and order entitled:

"A RESOLUTION AND ORDER creating Green Valley Glenwood Public Service District in Mercer County, West Virginia"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resoluti

WILLIAM S. WINFREY
ATTORNEY AT LAW
INCETON, WEST VIRGINIA

and order be adopted. Daniel T. Carr Jr. seconded the motion and after due consideration the Presiding/Commissioner put the question on the motion and the roll being called the following voted:

Aye: Frank Gibson

Daniel T. Carr Jr.

Nay: None

Whereupon the Presiding/Commissioner declared the motion duly carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER adopting the Actions of the Green Valley Glenwood Public Service District, "which has been operating de-facto"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resoluti and order be adopted. Daniel T. Carr Jr. seconded the motion and after due consideration the Presiding/Commissioner put the question on the motion and the roll being called the following voted:

Aye: Frank Gibson

Daniel T. Carr Jr.

Nay: None

Whereupon the Presiding/Commissioner declared the motion duly carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read

"A RESOLUTION AND ORDER appointing members to the Public Service Board of the Green Valley Glenwood Public Service District,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resoluti and order be adopted. Daniel T. Carr Jr. seconded the motion and after due consideration the Presiding Commissioner put the question on the motion and the roll being called, the following voted:

Aye: Frank Gibson Frank Gibson, Comm.

Daniel T. Carr Jr..

Nay: None

Whereupon the Presiding Commissioner declared the motion duly carried and said resolution and order duly adopted.

~~On motion and voted the meeting adjourned~~.

Frank Gibson, Comm

Daniel T. Carr Jr.
Comm.

ATTEST:

Harold C. Farley
Clerk

A RESOLUTION AND ORDER creating Green Valley - Glenwood Public Service District in Mercer County, West Virginia

WHEREAS, THE County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted on October 14, 1963, and fix November 5, 1963 for a public hearing on the creation of the proposed Green Valley - Glenwood Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideratio to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district;

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

Section 1. That a public service district within Merce County, West Virginia, is hereby created, and said district shall have the following boundaries:

WILLIAM S. WINFREY
ATTORNEY AT LAW
NGTON, WEST VIRGINIA

Beginning at a point of latitude N. 37° 20' and longitude W. 81° 10', thence west o.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 miles to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles south westerly along said highways from the corporate limites of the City of Princeton, and being a strip 0.15 miles wide.

Section 2. That said public service district so created shall have the name and corporate title of "Green Valley-Glenwood Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia

WILLIAM S. WINFREY
ATTORNEY AT LAW
PRINCETON, WEST VIRGINIA

having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvemen and extension of properties supplying water and sewerage service ~~[illegible]~~ within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT November 5, _____, 19 63.

Frank Gibson, Comm
~~President~~

Daniel T. Carr Jr.,
Comr

Attest:

Harold C. Farley
Clerk

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CERTIFICATE OF PUBLICATION

State of West Virginia,
County of Mercer, } To-wit:--

I, Margaret W. Tiller of the Princeton Publishing Company Inc., a corporation, publisher of the Princeton Times, a daily newspaper, published every morning, except Saturday, in the City of Princeton, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

NOTICE OF PUBLIC HEARING ON CREATION OF GREEN VALLI
GLENWOOD PUBLIC SERVICE DISTRICT
Signed: Harold C. Farley, County Court Clerk
Fred Thomason, President

was published in the said newspaper 2 times

on the following days, namely; October 15, 16

in the year 19 63

Publication Fee $33.28

Margaret W. Tiller

Subscribed and sworn to before me this 17th day of October, 19 63

My Commission expires 3-28, 19 73

Bonnie Sue Roberts
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Court, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, November 5th, 1963.

Present: Frank H. Gibson, Commissioner.

Present: Daniel T. Carr, Jr. Commissioner.

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Green Valley-Glenwood Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on October 14, 1963, the presiding Commissioner announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Frank Gibson introduced and caused to be read a proposed resolution and order entitled:

"A RESOLUTION AND ORDER creating Green Valley-Glenwood Public Service District in Mercer County, West Virginia".

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Daniel T. Carr, Jr., seconded the motion and after due consideration the presiding Commissioner put the question on the motion and the roll being called the following voted:

Aye: Frank Gibson
Daniel T. Carr, Jr.

Nay: None

Whereupon the presiding Commissioner declared the motion duly carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER adopting the Actions of the Green Valley-Glenwood Public Service District, "which has been operating de-facto"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Daniel T. Carr, Jr. seconded the motion and after due consideration the presiding Commissioner put the question on the motion and the roll being called the following voted:

Aye: Frank Gibson
Daniel T. Carr, Jr.

Nay: None

Whereupon the presiding Commissioner declared the motion duly carried and said resolution and order duly adopted.

Frank Gibson introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the Public Service Board of the Green Valley-Glenwood Public Service District",

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Daniel T. Carr, Jr., seconded the motion and after due consideration the presiding Commissioner put the question on the

motion and the roll being called, the following voted:

Aye: Frank Gibson
Daniel T. Carr, Jr.,

Nay: None

Whereupon the presiding Commissioner declared the motion duly carried and said resolution and order duly adopted.

_ Frank Gibson, Comr

_ Daniel T. Carr, Jr. Comr

ATTEST:
Harold C. Farley,
CLERK.

A RESOLUTION AND ORDER CREATING GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT IN MERCER COUNTY, WEST VIRGINIA,

WHEREAS, the County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted on October 14, 1963, and fix November 5, 1963, for a public hearing on the creation of the proposed Green Valley-Glenwood Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in pooperty in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district;

NOW, THEREFORE, Be It and It is hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

Section 1. That a public service district within Mercer County, West Virginia, is hereby created, and said district shall have the following boundaries:

BEGINNING at a point of latitude N. 37° 20' and longitude W. 81° 10', thence West 0.18 miles to a point, thence North 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence South 0.75 miles to a point, thence West 0.40 miles to a point, thence South 2.15 miles to a point; thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any

and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles southwesterly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

Section 2. That said public service district so created shall have the name and corporate title of "Green Valley-Glenwood Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the hereinto-above described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT November 5, 1963.

Frank Gibson Comr
Daniel T. Carr, Jr. Comr

ATTEST:
Harold C. Farley, Clerk.

"A RESOLUTION AND ORDER ADOPTING THE ACTIONS OF THE GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT "which has been operating defacto"

WHEREAS, there has heretofore been filed in the Office of the Clerk of the County Court of Mercer County, West Virginia, a petition to this County Court, for the creation of a Public Service District within Mercer County, West Virginia; and,

WHEREAS, said County Court Clerk has presented such petition to this County Court at a meeting held on June 12, 1961, and the County Court did declare that a meeting would be held on July 10, 1961, for the purpose of having a public hearing to determine if there should be a Public Service District created; and

WHEREAS, the notice of said public hearing was erroneously published as June 30, 1961, when in fact it should have been published as July 10, 1961, and the Mercer County Court did decide that there should be a meeting on July 24, 1961, for the purpose of having a public hearing to determine if such a Public Service District should be created and such notice was published in the Sunset News Observer, a newspaper of general circulation in Mercer County, West Virginia, on the 14th day of July, 1961; and,

WHEREAS, the said meeting was held on the 24th day of July, 1961, and the County Court of Mercer County did determine that such a Public Service District should be formed; and,

WHEREAS, such meeting was held more than 40 days from the 12th day of June, 1961, which is not in compliance with West Virginia Code, Chapter 16, Article 13A, and the Green Valley-Glenwood Public Service District has since that time been operating as a defacto organization; and

WHEREAS, Green Valley-Glenwood Public Service District has now become legally formed according to West Virginia Code, Chapter 16, Article 13A, and it is now deemed desirable by said County Court for the Green Valley-Glenwood Public Service District to adopt a resolution and order adopting the acts and deeds of said defacto Green Valley-Glenwood Public Service District;

NOW, THEREFORE, Be It and It Is hereby Resolved that the said acts and deeds of the Green Valley-Glenwood Public Service District defacto be adopted by the Green Valley-Glenwood Public Service District.

ADOPTED BY THE COUNTY COURT November 5, 1963.

_ Frank Gibson Comr

Daniel T. Carr, Jr. Comr

ATTEST:

Harold C. Farley, Clerk.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1992.

Rudolph D. Jennings CLERK

MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, October 14th, 1963.

Present:	Fred Thompson,	President.
Present:	Frank Gibson,	Commissioner.
Present:	Daniel T. Carr, Jr.	Commissioner,

A RESOLUTION AND ORDER creating Green Valley - Glenwood Public Service District in Mercer County, West Virginia

WHEREAS, THE County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted on October 14, 1963, and fix November 5, 1963 for a public hearing on the creation of the proposed Green Valley - Glenwood Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideratic to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district;

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

Section 1. That a public service district within Merce County, West Virginia, is hereby created, and said district shall have the following boundaries:

WILLIAM S. WINFREY
AT AT LAW
WEST VIRGINIA

Beginning at a point of latitude N. 37° 20' and longitude W. 81° 10', thence west o.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 mile to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. H. Milam Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles south westerly along said highways from the corporate limites of the City of Princeton, and being a strip 0.15 miles wide.

Section 2. That said public service district so created shall have the name and corporate title of "Green Valley-Glenwood Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia

WILLIAM S. WINFREY
ATTORNEY AT LAW
PRINCETON, WEST VIRGINIA

having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water and sewerage services ~~[illegible]~~ within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT November 5, _____, 19 63.

Frank Gibson, Comm
~~President~~

Daniel T. Carr, Jr.,
Comr

Attest:

Harold C. Farley
Clerk

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Court, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, July 10th, 1961.

Present:	Fred Thomason,	President.
Present:	Frank H. Gibson,	Commissioner.
Present:	Daniel T. Carr, Jr.	Commissioner.

IN RE: PUBLIC HEARING ON THE CREATION OF THE PROPOSED GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

This day, July 10, 1961, being the date fixed by prior action of the County Court for conducting a public hearing on the creation of the proposed Green Valley - Glenwood Public Service District, the President of the County Court announced that due to an error in the newspaper publication notice on June 30, 1961, the date of hearing was erroneously published as June 30, 1961, when in fact it should have appeared as July 10, 1961. Therefore, the Mercer County Court shall meet in the County Court House at Princeton, West Virginia, on July 24, 1961, at the hour of 10:00 o'clock A. M., for the purpose of conducting a public hearing on the creation of the proposed public service district, at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

The County Court Clerk is hereby authorized and directed to cause notice of such hearing to be published on July 14, 1961, in the Sunset News-Observer, a newspaper of general circulation in Mercer County:

NOTICE OF PUBLIC HEARING ON CREATION OF GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT.

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Mercer County, West Virginia, and has been presented to the County Court of Mercer for the creation of a Public Service District within Mercer County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying sewerage services and garbage collection within said District and also outside said District to the extent permitted by law; to be named "Green Valley - Glenwood Public Service District", and having the following described boundaries:

Beginning at a point of latitude N. 37° 20' and longitude W. 81° 10'; thence west 0.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point; thence N. 59° E. 3.09 miles to a point; thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 miles to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U. S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the Communities of Glenwood, Cares, Edison and New Hope, all with in Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon a map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the notherly side of U. S. Routes 19 and 21, a distance of 0.75 miles south westerly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

All persons residing in or owning or having any interest in property in said proposed Public Service District are hereby notified that the County Court of Mercer County will conduct a public hearing on July 24th, 1961, at 10 o'clock A. M. in

the County Court House at Princeton, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this day July 10th, 1961.

Harold C. Farley, County Court Clerk.

Adopted by the County Court July 10th, 1961.

Fred Thomason, President.

ATTEST:

Harold C. Farley, Clerk.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, ss:

I, HAROLD C. FARLEY, hereby certify that I am the duly qualified and acting Clerk of the County Court of Mercer County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of July 10th, 1961, and a resolution and order then adopted relating to the proposed creation of the Green Valley - Glenwood Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said court at Princeton, West Virginia, this July 10th, 1961.

(SEAL)

Harold C. Farley, County Court Clerk.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1992.

Rudolph D. Jennings CLERK

MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Court, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, July 24th, 1961.

Present: Fred Thomason, President.

Present: Daniel T. Carr, Jr. Commissioner.

IN RE: GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Green Valley-Glenwood Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on June 12, 1961, and July 10, 1961, the President announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Daniel T. Carr, Jr., introduced and caused to be read a proposed resol-

ution and order, entitled:

" A RESOLUTION AND ORDER creating Green Valley-Glenwood Public Service District in Mercer County, West Virginia."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Fred Thomason seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Fred Thomason, Daniel T. Carrl, Jr.

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

Daniel T. Carr, Jr. introduced and caused to be read a proposed resolution and order, entitled:

" A RESOLUTION AND ORDER appointing members to the Public Service Board of the Green Valley-Glenwood Public Service District."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Fred Thomason seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Fred Thomason and Daniel T. Carr, Jr.

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

Fred Thomason,
President.

Attest:

Harold C. Farley, Clerk.

A RESOLUTION AND ORDER CREATING GREEN VALLEY - GLENWOOD PUBLIC SERVICE DISTRICT IN MERCER COUNTY, WEST VIRGINIA.

WHEREAS, the County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted June 12, 1961 and July 10, 1961, fix a date for a public hearing on the creation of the proposed Green Valley-Glenwood Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt

a resolution and order creating said district;

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Mercer County, West Virginia, as follows:

Section 1. That a public service district within Mercer County, West Virginia, is hereby created, and said district shall have the following boundaries:

BEGINNING at a point of latitude N. 37° 20' and longitude W. 81° 10', thence west 0.18 miles to a point, thence north 1.00 miles crossing West Virginia State Route No. 20 to a point, thence N. 59° E. 3.09 miles to a point, thence S. 42° E. 0.95 miles crossing West Virginia State Route 20 to a point, thence N. 79° E. 0.60 miles crossing U. S. Route 21, 19 and 460 to a point, thence south 0.75 miles to a point, thence west 0.40 miles to a point, thence south 2.15 miles to a point, thence S. 54° W. 2.80 miles to a point, thence N. 82° W. 0.98 miles crossing U S. Route 21, 19 and 460 to a point of latitude N. 37° 17' 54" and longitude W. 81° 10', thence N. 2.38 miles to the beginning.

Containing an area of approximately 13.06 square miles and the communities of Glenwood, Ceres, Edison and New Hope, all within Beaver Pond and East River Magisterial Districts of Mercer County, West Virginia, as shown upon map prepared by J. N. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 22, 1959.

There is specifically excepted and excluded from this boundary any and all of the area belonging to the Princeton Municipal Airport.

There is a further excepted and excluded area, being an area contiguous with the northerly side of U. S. Routes 19 and 21, a distance of 0.75 miles southwesterly along said highways from the corporate limits of the City of Princeton, and being a strip 0.15 miles wide.

Section 2. That said public service district so created shall have the name and corporate title of "Green Valley - Glenwood Public District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the hereinbeforeabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying sewerage services and garbage collection within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT July 24, 1961.

Fred Thomason President.

Attest:

Harold C. Farley, Clerk.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 13th day of August, 1992.

Rudolph D. Jennings CLERK.
MERCER COUNTY COMMISSION

WEST VIRGINIA;

At a regular session of the County Commission, held for the County of Mercer, at the Courthouse thereof, on Monday, September 14, 1992.

Present:	Charles E. Lohr,	President.
Present:	Ray Bragg,	Commissioner.
Present:	John K. Rapp,	Commissioner.

BEFORE
THE MERCER COUNTY COMMISSION OF WEST VIRGINIA

In re:

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
INGLESIDE ROAD BOUNDARY EXPANSION

PETITION FOR BOUNDARY CHANGE
INGLESIDE ROAD AREA

Pursuant to the provisions of W. Va. Code § 16-13A-2 (1991 Replacement Vol.), the Green Valley-Glenwood Public Service District petitions the County Commission of Mercer County to enlarge the boundary of the Green Valley-Glenwood Public Service District, (PSD), a public service district providing water and sewer service to certain residents of Mercer County, West Virginia:

1. The area to be included within the PSD is described in an attachment to this Petition described as "Petition Attachment I".

2. The purpose for the geographical expansion of the PSD is to provide water and sewer service to residents of the affected area of Mercer County.

3. The expansion of the PSD is in the best interests of the affected citizens in the County and will in no way adversely affect the existing customers of the PSD.

4. The expansion of the PSD will provide increased services and eliminate the need for the creation of a new public service district in the affected area, which area is not currently served by a PSD.

Wherefore the Green Valley-Glenwood Public Service District prays that this Petition be filed, that a hearing be held on the Petition, and that the County Commission enlarge the boundaries of the Green Valley-Glenwood Public Service District

GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT

BY COUNSEL

William S. Winfrey, II
Attorney at Law

1608 West Main Street
P.O. Box 1159
Princeton, WV 24740

304-487-1887

PETITION ATTACHMENT 1

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
INGLESIDE ROAD BOUNDARY EXPANSION
AUGUST 20, 1992

BEGINNING at a point of latitude N 37° 21' 21" and longitude W 81° 03'28" on the existing line of the Oakvale Road Public Service District; thence with said District's boundary line N 56° 05' W 0.89 miles to a point just south of US Route 460; thence leaving boundary line of Oakvale Road P.S.D. and running S 75° 40' W 1.52 miles crossing County Route 27/1 to a point; thence S 22° W 0.42 miles to a point in the existing boundary line of the Green Valley-Glenwood Public Service District; thence with District's boundary line S 90° W 0.4 miles to a point; thence S 0° E 2.15 miles; thence S 54° W 2.28 miles to a point on Stony Ridge; thence leaving said District's boundary line and running along Stony Ridge N 74° E 4.60 miles to a point just west of Interstate 77; thence N 4° W 1.77 miles crossing County Route 27/6 to a point just west of Interstate 77; thence N 23° 17' E 0.79 miles to the BEGINNING and containing 8.44 square miles.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT;

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 26th day of March, 1998.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

Mercer County Commission

Courthouse Square
1501 West Main
Princeton, West Virginia 24740

(304) 487-8306
Fax (304) 487-8370

VICKY REED
Administrative Assistant

JOHN P. ANDERSON
1426 Main Street
PRINCETON, WV 24740

JOE COBURN
P.O. Box 337
ATHENS, WV 24712

KAREN S. DISHIDIO
325 Albemarle
BLUEFIELD, WV 24701

February 25, 2005

Green Valley-Glenwood Public Service District
Marty Marioti, General Manager
P.O. Box 6099
Bluefield, WV 24701

Dear Marty:

In the regular monthly meeting on October 12, 2004, the Mercer County Commission reappointed Greg Wimmer to the Board of Directors of the Green Valley-Glenwood Public Service District for a six year term.

His term began on November 1, 2004 and will expire on October 31, 2010.

If you have questions or need additional information, please contact our office.

Sincerely,

Joe Coburn
President

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, November 8, 1999.

Present:	John P. Anderson,	President.
Present:	Joe Coburn,	Commissioner.
Present:	Karen Disibbio,	Commissioner.

RE: APPOINTMENT – GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

This day on motion of Joe Coburn, Commissioner, seconded by Karen Disibbio, Commissioner, the Commission unanimously the following to serve as a Members of the Green Valley-Glenwood Public Service District.

Jimmy Welch – re-appointed for six (6) year term – 11-1-99 to 11-1-05

Greg Wimmer – re-appointed for six (6) year term – 11-1-98 to 11-1-04

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 30th day of November, 2001.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, October 9, 2001.

Present:	Joe Coburn,	President.
Present:	John P. Anderson,	Commissioner.
Present:	Karen Disibbio,	Commissioner.

RE: APPOINTMENT – GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

This day on motion of Karen Disibbio, Commissioner, seconded by John P. Anderson, Commissioner, the Commission unanimously re-appointed James H. Carter, Jr. as a Member of the Green Valley-Glenwood Public Service District, term to begin November 1, 2001, and end October 31, 2007.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 30th day of November, 2001.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Tuesday, October 12, 2004.

Present:	Joe Coburn,	President.
Present:	John P. Anderson,	Commissioner.
Present:	Karen S. Disibbio,	Commissioner.

RE: REAPPOINTMENT – GREEN VALLEY PUBLIC SERVICE DISTRICT.

This day on motion of Karen S. Disibbio, Commissioner, seconded by John P. Anderson, Commissioner, the Commission unanimously approved the reappointment of Greg Wimmer to the Board of Directors of the Green Valley Public Service District for a six year term effective date November 1, 2004, through October 31, 2010.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 21ST day of June, 2005.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

BOOK 10 PAGE 490

OATH OF OFFICE AND CERTIFICATE

JUN 21 2005

STATE OF WEST VIRGINIA

COUNTY OF MERCER, 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

COMMISSIONER- GREEN VALLEY PUBLIC SERVICE DISTRICT

to the best of my skill and judgment, so help me God.

(Signature of affiant) Greg Wimmer

GREG WIMMER

Subscribed and sworn to, before me, in said County and State, this 3RD day of JUNE, XXX 2005

Rudolph D. Jennings

RUDOLPH D. JENNINGS, CLERK

MERCER COUNTY COMMISSION

BOOK 10 PAGE 102

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MERCER, 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 Valley-Glenwood Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) James H. Carter, Jr.

James H. Carter, Jr.

Subscribed and sworn to before me in said County and State, this 30th day of November 2001

RUDOLPH D. JENNINGS, CLERK

MERCER COUNTY COMMISSION

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO-WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 28th day of December, 2001.

Rudolph D. Jennings CLERK

MERCER COUNTY COMMISSION

SEAL

BY Melissa D. Godfrey DEPUTY

(ANY ALTERATIONS OR ERASURES VOID THIS CERTIFICATE)

BOOK 9 PAGE 661

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MERCER, 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 Valley-Glenwood Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) Jimmy Welch

Jimmy Welch

Subscribed and sworn to before me, in said County and State, this 17th day of November, 19 99

MERCER COUNTY COMMISSION 16 37 WEST VIRGINIA

RUDOLPH D. JENNINGS, CLERK
MERCER COUNTY COMMISSION

RULES OF PROCEDURE

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 2387 Maple Acres Road, Bluefield, Mercer County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Green Valley-Glenwood Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Mercer County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 2nd and 4th Thursday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Mercer 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 Mercer 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 specially 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 9th day of October, 2003.

10/09/03
354550.00005

NOTICE OF PRE-FILING
State of West Virginia
Public Service Commission
Charleston

NOTICE IS HEREBY GIVEN that Green Valley-Glenwood Public Service District, a public utility has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of water system facilities for upgrading the existing water system and constructing water system extensions to serve approximately 116 customers in the Sandlick and Littlesburg areas of Mercer County, West Virginia.

The project will consist of: 17,730 feet of 12 inch, 2,580 feet of 8 inch, 15,550 feet of 6 inch, 2,050 feet of 2 inch water mains, a 180 gpm water booster station, a 250,000 gallons water storage tank, tank paintings, and other related work with the costs of the project estimated not to exceed $2,470,000.

The District intends to finance the project by the following means: The issuing of revenue bonds through Rural Utilities Service in the amount not to exceed $1,470,000 with the remaining funding for the project to be provided as grant from the Rural Utilities Service.

The proposed project-related rates for the project are not to exceed the following:

Metered Rates

First	2,000 gallons at $7.39 per 1000 gallons
Next	2,000 gallons at $6.15 per 1000 gallons
Next	6,000 gallons at $4.90 per 1000 gallons
Next	90,000 gallons at $3.65 per 1000 gallons
Over	100,000 gallons at $2.40 per 1000 gallons

Minimum Charge

The above schedule is subject to a monthly minimum charge based on the size of the meter in use as follows:

5/8	inch meter	$ 14.78 per month
3/4	inch meter	22.17 per month
1	inch meter	36.95 per month
1-1/4	inch meter	53.95 per month
1-1/2	inch meter	73.90 per month
2	inch meter	118.24 per month
3	inch meter	221.70 per month
4	inch meter	369.50 per month
6	inch meter	739.00 per month
[illegible]	inch meter	1,182.40 per month

Bulk Water Rate-Bluewell Public Service District

The bulk water rate for Bluewell Public Service District is $2.07 per 1000 gallons used.

Sprinkler System and Private Fire Protection Systems

Where connections, hydrants, sprinklers, etc. on private property are maintain by consumer.

2 inch or less service line with hydrant, sprinklers, and/or hose connections
$ 6.68 per month

3 inch or less service line with hydrants, sprinklers, and/or hose connections
$ 15.06 per month

4 inch or less service line with hydrants, sprinklers, and/or hose connections
$ 26.76 per month

6 inch or less service line with hydrants, sprinklers, and/or hose connections
$ 60.23 per month

8 inch or less service line with hydrants, sprinklers, and /or hose connections
$107.08 per month

10 inch or less service line with hydrants, sprinklers, and/or hose connections
$167.31 per month

These rates represent the following average monthly increases:

	($) Increase	(%) Increase
Residential	1.52	6.33
Commercial	6.98	9.57

The proposed increased rates and charges will produce approximately $106,837 annually in addition revenue, an increase of 9.3% .

The increase shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Delayed Payment Penalty

The above schedule is net. On all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to the current net charge.

Connection Charge - Project Area

Prior to the beginning or construction of the project in the expanded water service area, there shall be a charge of connection to the system of one hundred dollars ($100.00). After the beginning of construction the charge for connection to the system shall be three hundred dollars ($300.00).

Connection Charge

A fee of three hundred dollars ($300.00) will be charged for each new connection to the system.

Reconnection Charge

The reconnection charge shall be twenty-five dollars ($25.00).

Incremental Cost of Water Purchased and Produced

$1.05 per 1000 gallons. To be charged for all water billed in excess of customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter.

Bad Checks - Returned Checks

If a check received is returned by the bank for any reason, the bank's charge to the Green Valley Glenwood Public Service District shall be the District's charge to the customer for a bad check, up to a maximum charge of $15.00.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal application will be filed within 30 days of the publication of this notice.

CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, } To-wit:—

I, Angela Harman of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph

TWO Times

on the following days, namely; 2/14 & 2/21

in the year ~~19~~ XX 2003.

Publication Fee 265.79. Angela Harman

Subscribed and sworn to before me this 21st day of February 20 03.

My Commission expires Dec 16 20 08

Teresa Thornton

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA THORNTON
BLUEFIELD DAILY TELEGRAPH
928 BLUEFIELD AVENUE
BLUEFIELD, WV 24701
My Commission Expires December 16, 2008

GREEN VALLEY/GLENWOOD PSD
THURSDAY, JANUARY 13, 2005
BOARD MEETING MINUTES

Chairman called meeting to order at 1:00 PM.

Those in attendance were Jimmy Welch, Chairman, Gregory Wimmer, Treasurer, James Carter Jr., Member, Marty Mariotti, General Manager/Secretary, Dwayne Ernest, Sewer Plant Manager, John Poole, Outside Manager, Bob Hazelwood, Engineer, Pentree Incorporated.

1. Motion by James Carter, seconded by Jimmy Welch, and carried to approve minutes of the December 28, 2004 Board Meeting.

2. Motion by James Carter, seconded by Jimmy Welch, and carried to approve minutes of the January 5, 2005 Special Board Meeting.

3. Motion by Greg Wimmer, seconded by James Carter, and carried to leave all the Board Member positions as they were last year. Jimmy Welch, Chairman, Gregory Wimmer, Treasurer, and Marty Mariotti, Secretary.

4. Board reviewed and discussed report of Wastewater Plant operations prepared by Dwayne Ernest.(See Attached) Mr. Ernest reported all plant effluent parameters and the landfill leachate has been in compliance. Mr. Ernest also reported a plan of action and a schedule of tasks has to be submitted to the DEP because the average monthly flow from the sewer plant exceeded 90% of the average design flow for three consecutive months. The Board reviewed a letter prepared by Mr. Ernest that will satisfy the required plan of action and schedule to the DEP. Mr. Ernest highlighted the meeting that was held in Charleston between the WV DEP, S&S Engineering, Dwayne Ernest, & Marty Mariotti. S & S Engineering is in the process of compiling a plan of action for Board approval to be submitted to the WV DEP in regards to the stormwater pond order.

5. Board reviewed and discussed report on water treatment plant operations prepared by Marty Mariotti. (See Attached) Mr. Mariotti reported the New Glenwood plant was taken out of service on January 11, 2005. Twenty Five loads of sludge was removed from the facility and land applied on District property. The General Manager reported the new Bulltail Hollow water booster station is now operating in the automatic mode. Service Pump Company was the manufacture of the station and they completed the station start-up for the District. Included within the initial start provided by Service Pump Company was a review of the complete operation & maintenance of the station & calibration of the automation controls. Both water plants have went back to near normal pumping hours over the past few weeks due to several leaks being found and repaired by the outside crew. Several individual customers service lines have also been found that were leaking.

6. John Poole reported to Board on outside operations, and I & I work that has been completed. Mr. Poole reported the I & I crew has been working throughout the system raising manholes that are located in lower lying areas. Preference is given to any manholes that may take on water during heavy rains. Mr. Poole also reported the I & I crew is in the process of replacing the main sewer line behind the New Glenwood water plant. To complete this section of main replacement a creek crossing will have to be made when Brush Creek drops to a lower water level. The outside crew has worked diligently over the past few weeks in locating and repairing leaks that have caused excessive pumping from both water plants. Mr. Poole reported the 16" main water

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

MINUTES ON ADOPTION OF BOND RESOLUTION

The undersigned Secretary of the Public Service Board of Green Valley-Glenwood 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 Valley-Glenwood Public Service District met in special session, pursuant to notice duly given, on the 27th day of June, 2005, at 2387 Maple Acres Road, Bluefield, West Virginia, at the hour of 10:00 a.m., prevailing time.

PRESENT:	Jimmy W. Welch	-	Chairman
	Marty Mariotti	-	Secretary
	James Carter	-	Member
ABSENT:	Gregory L. Wimmer	-	Treasurer

Jimmy W. Welch, Chairman, presided, and Marty Mariotti, 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 VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT

MORE THAN $1,470,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $698,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 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, on motion duly made by James Carter and seconded by Jimmy W. Welch, 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 8th day of July, 2005.

Marty M. Mariotti
Secretary

05/23/05
354550.00001

CH941828.2

NOTICE OF PUBLIC MEETING OF THE PUBLIC SERVICE BOARD OF GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

A special meeting of the Public Service Board of Green Valley-Glenwood Public Service District (the "District") will be held to consider for adoption the following-entitled Resolution and the take such other action as necessary in relation thereto,. On Monday,. June 27, 2005, at 10:00 p.m., prevailing time, at the District's offices at 2387 Maple Acres Road, Bluefield, Mercer County, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,470,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $698,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 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 public service properties consisting of additions, improvements and extensions to the existing waterworks system, 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 operations of the waterworks system of the District.

At the meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: June 16, 2005.

/s/ Marty Mariotti
Secretary

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10342 1X10

CERTIFICATE OF PUBLICATION

State of West Virginia,
County of Mercer, } To-wit:-

I, Shannon Green of the Bluefield Daily Telegraph, a daily newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph One (1) Times on the following days, namely; June 16 in the year 20 05.

Publication Fee $54.00.

Shannon R. Green

Subscribed and sworn to before me this 16th day of June 20 05.

My Commission expires Dec 16 20 08

Teresa Shafer

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 8, 2005

ISSUE: Green Valley-Glenwood Public Service District, Water Revenue Bonds, Series 2005 A (United States Department of Agriculture)

ADDRESS: P.O. Box 6099, Bluefield, WV 24701-6099 COUNTY: Mercer

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 8, 2005 CLOSING DATE: July 8, 2005

ISSUE AMOUNT: $1,470,000 RATE: 4.125 %

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

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump
Phone: (304) 343.8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: N/A
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Marty Mariotti
Position: General Manager
Phone: (304) 325.6832

OTHER: United States Department of Agriculture
Contact Person: Teresa Miller
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 by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2005 A Bonds Reserve Account. Payments to the Series 2005 A Bonds Reserve Account will commence upon completion of construction of the Project.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH941945.1

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.

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 8, 2005

ISSUE: Green Valley-Glenwood Public Service District, Water Revenue Bonds, Series 2005 B (United States Department of Agriculture)

ADDRESS: P.O. Box 6099, Bluefield, WV 24701-6099 COUNTY: Mercer

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 8, 2005 CLOSING DATE: July 8, 2005

ISSUE AMOUNT: $698,000 RATE: 4.125%

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

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump
Phone: (304) 343.8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: N/A
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Marty Mariotti
Position: General Manager
Phone: (304) 325.6832

OTHER: United States Department of Agriculture
Contact Person: Teresa Miller
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 by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2005 B Bonds Reserve Account. Payments to the Series 2005 B Bonds Reserve Account will commence upon completion of construction of the Project.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH756042.1

23B

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.

Bond Counsel

United States Department of Agriculture

Rural Development

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

July 25, 2001

Jimmy W. Welch, Chairman
Green Valley-Glenwood Public Service District
PO Box 6099
Bluefield, WV 24701

Dear Mr. Welch:

This letter, with Attachments 1 through 13 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 $ 1,470,000, an RUS grant in the amount of $ 1,000,000, for a total project cost of $ 2,470,000.

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 Valley-Glenwood Public Service District (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)

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410.

Attachment No. 6 – RUS Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
Attachment No. 7 - Government Auditing Standards (Revision 1994) (Accountant Copy)
Attachment No. 8 - RUS Bulletin 1780-30, " Water Programs Audit Guide and Compliance Supplement "
Attachment No. 9 - RUS Bulletin 1780-31, " Water Programs Compliance Supplement for OMB Circular A-133 Audits"
Attachment No. 10 - Water Users Agreement (Applicant and Attorney Copies)
Attachment No. 11 - Declination Statement (Applicant and Attorney Copies)
Attachment No. 12 – Sample Credit Agreement (Applicant Copy)
Attachment No. 13 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.875% interest rate and a monthly amortization factor of 0.00483, which provides for a monthly payment of $ 7,101. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

   You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the District's existing water revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 3189 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 93 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the District's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

   The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of $ 100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the District should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. 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 for your District. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 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.

6. 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 District 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 District'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 District has already acquired real property(s) (land or facilities), the District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

7. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Public Land Corporation

8. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

a. A Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A

copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

9. 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.

10. 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.

        (2) "RUS Supplemental General Conditions."

    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 District 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.

11. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 14).

12. 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 District, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds

must be remitted promptly, at least quarterly, to the Rural Utilities Service. The District 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.

13. 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"
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

14. 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.

15. 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,

for JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Accountant

William S. Winfrey II
Attorney at Law
P.O. Box 1159
Princeton, WV 24740

Pentree, Inc.
P.O. Box 1309
Princeton, WV 24740

Bond Counsel

Attachment No. 1 to Letter of Conditions
For: Green Valley-Glenwood PSD
Date: _____

Project Construction Budget

Project Costs	RUS Grant	RUS Loan	Total
Construction	$ 779,000	$ 1,036,000	$ 1,815,000
Construction Contg.	62,300	82,900	145,200
Land and Rights	4,300	5,700	10,000
Legal Fees	7,850	10,300	18,150
Engineering Fees	113,300	150,800	264,100
Basic $ 137,050			
Insp. 108,900			
Spec. 18,150			
Bond Counsel	6,400	8,600	15,000
Interest		140,000	140,0000
Project Contg.	18,250	24,300	42,550
Equipment	8,600	11,400	20,000
TOTALS	$1,000,000	$1,470,000	$2,470,000

Rates
Available for general domestic, commercial and industrial service.

First	2,000 gals. @ 7.24 per M gals.
Next	2,000 gals. @ 6.00 per M gals.
Next	6,000 gals. @ 4.75 per M gals.
Next	90,000 gals. @ 3.50 per M gals.
Over	100,000 gals. @ 2.25 per M gals.

Mimimum 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 - $ 14.48 per month
3/4" meter - $ 21.72 per month
1" meter - $ 36.20 per month
1 1/2" meter - $ 72.40 per month
2" meter - $ 115.84 per month
3" meter - $ 217.20 per month
4" meter - $ 362.00 per month
6" meter - $ 724.00 per month
8" meter- $ 1,158.40 per month

(Minimum Monthly Bill $ 14.48 for 2,000 gallons)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - $ 100.00

After the start of construction, there shall be a charge of $ 250.00 for connection to the system.

Reconnection Charge

$ 15.00

Use and Income Analysis – See Page 3

Use and Income Analysis
Green Valley-Glenwood PSD (W)

Blocking Gallons	Number of Bills	Usage M Gallons	Minimum Bills	First 2,000	Next 2,000	Next 6,000	Next 90,000	Over 100,000
0 - 2,000	953	1188.45	953.00					
2,001 - 10,000	1,073	3236.35		2,146.00	1,090.35			
10,001 - 20,000	1,026	5902.25		2,052.00	2,052.00	1,798.25		
20,001 - 40,000	128	3354.80		256.00	256.00	2,842.80		
Over 40,000	9	2187.30		18.00	18.00	54.00	810.00	1,287.30
Totals	3,189	15,869.15	953.00	4,472.00	3,416.4	4,695.1	810.0	1,287.30
Rates			$14.48	$7.24	$6.00	$4.75	$3.50	$2.25
Monthly Revenue	$94,708.28		$13,799.44	$32,377.28	$20,498.40	$22,301.73	$2,835.00	$2,896.43
Annual Revenue	$1,136,499.36							

Budget		
Water Sales	$1,136,499	
Fire Protection	36,500	
Total Income		$1,172,999
Expenses		
O & M	$ 779,300	
*Debt Service	372,454	
**Debt Service Reserve	10,595	
***Depreciation Reserve	10,595	
		$1,172,944
Balance and Depreciation		$ 55

Operating and Maintenance Expenses

Proposed Extension:		
Pumping Expenses	$ 4,850	
Treatment Expenses	1,350	
Transmission & Distribution	1,800	
Customer Accounts	2,500	
Administrative	5,800	
Taxes	1,000	
Existing System	762,000	
TOTAL		$ 779,300

*Existing Debt Service -	$287,242
Proposed Debt Service -	85,212
Total Debt Service -	$372,454

** Existing Debt Service Reserve	$ 6,334
Proposed Debt Service Reserve	4,261
Total Debt Service Reserve	$10,595

*** Existing Depreciation Reserve	$ 6,334
Proposed Depreciation Reserve	4,261
Total Depreciation Reserve	$10,595

Attachment No. 2 to Letter of Conditions
For: Green Valley-Glenwood PSD
Date: July 25, 2001

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
	Regional Planning & Development Council Review	2	1780.33(b)	Applicant		HAVE	3
	State Clear-inghouse Review or IJDC Review	2	1780.33(b)	Applicant		HAVE	4
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		HAVE	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Staff Review Financial Statements	1	S.I. 1780.2	RUS			1
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			3
	Statement from Historical Preservation Office	2	1794	Applicant		HAVE	3
	Comments from Dept. of Commerce, Labor & Environ. Resources (DEP)	2	1794	Applicant		HAVE	3
	Comments from U.S. Fish and Wildlife Service (Endangered Species)	2	1794	Applicant		HAVE	3
AD-1006	Farmland Conversion Impact Rating	1	1794	RUS/NRCS		HAVE	3
	FEMA Standard Flood Hazard Determination	2	426.2	RUS		HAVE	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Civil Rights Impact Analysis Certification	2	2006-P	RUS/ Engineer		HAVE	3
	Environmental Report	2	1794	Applicant		HAVE	3
	Environmental Assessment	2	1794	RUS/ Engineer		HAVE	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		HAVE	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		HAVE	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Statement reporting the total number of potential 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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		HAVE	3
	Survey conducted by uninterested party to determine MHI	1	1780.1(b)	Applicant/ RUS			2
	S/O concurrence in results of survey to determine MHI	1	1780.1(b)	RUS-S/O			2
	Documentation on Service Area	1	1780.11	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	3
Automated Form	Grant Determination	3	1780.35(b)	RUS		HAVE	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		HAVE	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		HAVE	2

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 1942-45	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant		HAVE	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		HAVE	2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant		HAVE	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant		HAVE	3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS		HAVE	3
RD 1910-11	Applicant Certification, Federal Collect-ion Policies	1	1780.33(h)	Applicant		HAVE	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant		HAVE	5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		HAVE	6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 400-4	Assurance Agreement	1	1901-E	Applicant		HAVE	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
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Verification of Users	1	1780.44(b)	RUS			3
	Accountant's Certification	1	LOC	Applicant/ Accountant			6
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documenta-tion	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	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 Docu-ments, Plans & Specifi-cations	2	1780.61(a)	Engineer			Separate File
	Agency Deter-mination on Procurement	1	1780.70(d)	RUS			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	Bid Tabulation	1	1780.61(b)	Engineer			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5
	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
	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

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants"

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of $100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

(a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;

(b) It must be established that not using bond counsel will produce significant savings in total legal costs;

(c) The local attorney must be able and experienced in handling this type of legal work;

(d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;

(e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and

(f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

(a) Copies of all organizational documents;

(b) Copies of general incumbency certificate;

(c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;

(d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;

(e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;

(f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;

(g) Specimen bond, with any attached coupons;

(h) Attorney's no-litigation certificate;

(i) Certified copies of resolutions or other documents pertaining to the bond award;

(j) Any additional or supporting documents required by bond counsel;

(k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;

(l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar.

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

(a) The date from which each advance will bear interest;

(b) The interest rate as determined by §1780.13;

(c) A payment schedule providing for interest on outstanding principal at least annually; and

(d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

(a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than $1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.

(b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

(1) Provisions for the holder to manually post each payment to the instrument.

(2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.

(3) Provisions that amend covenants contained in RUS Bulletins 1780-27 or 1780-28. ***[Revision 2, 06/04/99]***

(4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

(1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;

(2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;

(3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;

(4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.

§1780.95 Public bidding on bonds.

Bonds offered for public sale shall be offered in accordance with State law and in such a manner to encourage public bidding. The Agency will not submit a bid at the advertised sale unless required by State law, nor will reference to Agency's rates and terms be included. If no acceptable bid is received, the Agency will negotiate the purchase of the bonds.

§§1780.96 - 1780.100 [Reserved]

Bond Counsel

United States Department of Agriculture
Rural Development
West Virginia State Office

May 20, 2005

Jimmy W. Welch, Chairman
Green Valley-Glenwood Public Service District
P.O. Box 6099
Bluefield, WV 24701

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Welch:

This letter, with Attachment No. 1 amends the letter of conditions dated July 25, 2001 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of $1,470,000, a subsequent RUS loan in the amount of $698,000, an initial RUS grant in the amount of $1,000,000, a subsequent RUS grant in the amount of $202,000, and for a total project cost of $3,370,000.

Subject to the requirements noted herein, all of the conditions of the July 25, 2001 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

75 High Street • Suite 320 • Morgantown, WV 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4865 • 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, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.25% interest rate and monthly amortization factor of 0.00443 which provides for a monthly payment of $3,093.00 on the subsequent loan. The monthly payment for the initial $1,470,000 loan is $7,107.00 and the monthly payment for the subsequent $698,000 loan is $3,093.00, for a total loan of $2,168,000 and a total monthly payment of $10,200.00. Please note that the monthly payment on the initial loan is subject to change should it be closed prior to June 30, 2005.

   The bond for the $698,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the $1,470,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a $2,168,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

2. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

3. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
   Form 1940-1 - "Request for Obligation of Funds"
   RUS Bulletin 1780-27 - "Loan Resolution"
   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 six-month period and it is determined the PSD 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,

ROBERT M. STEPTOE III
State Director

Enclosures

cc: Area Director, Beckley
ATTN: Rural Development Specialist, RUS

Jeffrey S. Feamster, CPA
Lewisburg, WV

William S. Winfrey II
Attorney at Law
Princeton, WV

Steptoe and Johnson
Attorneys at Law
Charleston, WV

Pentree, Inc.
Princeton, WV

Attachment No. 1 to Amended Letter of Condit
For: Green Valley-Glenwood PSD
Date: May 20, 2005

Project Construction Budget

PROJECT COST	SUBSEQUENT RUS GRANT	SUBSEQUENT RUS LOAN	INITIAL RUS GRANT	INITIAL RUS LOAN	TOTAL
CONSTRUCTION	$ 202,000	$ 596,200	$ 779,000	$ 1,091,800	$ 2,669,000
CONST. CONTINGENCY			$ 62,300	$ 37,700	$ 100,000
LAND & RIGHTS			$ 4,300	$ 5,700	$ 10,000
LEGAL FEES		$ 1,850	$ 7,850	$ 10,300	$ 20,000
BOND COUNSEL		$ 5,000	$ 6,400	$ 8,600	$ 20,000
ENGINEERING FEES		$ 84,950	$ 113,300	$ 150,800	$ 349,050
Basic - $157,050					
Insp. - $157,000					
Special - $35,000					
INTEREST		$ 10,000		$ 140,000	$ 150,000
EQUIPMENT			$ 8,600	$ 11,400	$ 20,000
PROJECT CONTG.			$ 18,250	$ 13,700	$ 31,950
TOTAL	**$ 202,000**	**$ 698,000**	**$ 1,000,000**	**$ 1,470,000**	**$ 3,370,000**

USDA Rural Development

United States Department of Agriculture
Rural Development
Beckley Area Office

June 7, 2005

Jimmy W. Welch, Chairman
Green Valley-Glenwood Public Service District
P. O. Box 6099
Bluefield, WV 24701

Dear Mr. Welch:

The pre-closing date for the PSD's Route 20/Sandlick water project has been established as June 27, 2005. The pre-closing will begin at 10:00 a.m. at the PSD office followed by the pre-construction conference at 11:00 a.m.

Reference is made to our Letter of Conditions dated July 25, 2001 and Amendment No. 1 to the Letter of Conditions dated May 20, 2005. All of the requirements of that letter must be met.

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. The PSD's attorney must furnish Form RD 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated June 29, 2005 .

2. The PSD's attorney must furnish Form RD 1927-10, "Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate Final Title Opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated June 29, 2005.

3. The PSD's attorney must furnish an updated narrative opinion addressing all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. The opinion should be dated June 29, 2005.

481 Ragland Rd. • Beckley, WV 25801
Phone: (304) 253-9597 • Toll Free: (800) 295-8228 • Fax: (304) 252-5809 • TDD: (304) 284-4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

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4. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.

5. The PSD's engineer must provide a resume of the proposed inspector(s).

6. The PSD must provide a letter accepting the proposed inspector(s).

7. A certificate from the PSD's accountant that the accounts and records required by the bond resolution and the PSC have been established and are operational. The chart of accounts and record keeping books must be available for review at loan closing.

8. The PSD must provide evidence that it has acquired insurance and bond coverage in accordance with item 9 of the Letter of Conditions.

9. The PSD must furnish evidence that it provides State Workman's Compensation Insurance.

If you have any questions regarding these or any other matters pertaining to your loan, please contact this office.

Sincerely,

TERESA A. MILLER
Rural Development Specialist

Enclosures

cc: State Director, Rural Development, Morgantown, WV
William S. Winfrey, II, Attorney at Law, Princeton, WV
John Stump, Steptoe & Johnson Bond Counsel, Charleston, WV
Jeffrey S. Feamster, CPA, Lewisburg, WV
Pentree Inc., Princeton, WV

APPROVED
OMB. No. 0575-0015

(Automated 8-97) "AMENDED"

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board

OF THE Green Valley-Glenwood Public Service District
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Water System

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Green Valley-Glenwood Public Service District
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWO MILLION ONE HUNDRED SIXTY EIGHT THOUSAND AND 00/100

pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code ; and
WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:
NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly 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.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503..

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 $ $1,202,000.00

under the terms offered by the Government; that the Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of the Green Valley-Glenwood Public Service District has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this May 20th, day of 2005

(SEAL)

By Jimmy W. Welch
JIMMY W. WELCH, Chairman

Attest:

Title

Marty Marsatti

Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Green Valley-Glenwood 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 31st day of May, 2005; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of July 8, 2005, 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 8th day of July, 2005

Marty M. Marioatti

Title Secretary

"AMENDED"

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated May 20, 2005, between

Green Valley-Glenwood Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code

(Authorizing Statute)

herein called ``Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called ``Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (~~waste~~) system to serve the area under its jurisdiction at an estimated cost of $ 3,370,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $ 2,168,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $ 3,370,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $ 1,202,000 or 35.67 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 35.67 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges,* ~~whether for one or more classes or service adopted by resolution dated~~ XXXXXXXXXXXXXXXXXXXXXXXX, 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.

*as approved by the West Virginia Public Service Commission.

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 contemporanedusly 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).

The Route 20 Sandlick water extension consisting of approximately 34,650 LF of 12", 8", 6" and 2" water mains and necessary appurtenances to serve 93 customers. Also included is a new 250,000 gallon water storage tank, the repainting of the existing tanks and a connection with the Bluewell PSD.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

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, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed $ 1,202,000 which it will advance to Grantee to meet not to exceed 35.67 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

Green Valley-Glenwood Public Service District

By: Marty Mariatti

(Title) Secretary

By: Jimmy W. Welch
JIMMY W. WELCH

(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Teresa A. Miller
TERESA A. MILLER

Rural Development Specialist
(Title)

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A and
Water Revenue Bonds, Series 2005 B
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of First Community Bank of Mercer County, Inc., Princeton, West Virginia (the "Bank"), hereby certify that on July 8, 2005, the Bank received an automated transfer in the amount of $165,790 to the credit of the Waterworks Project Construction Account, Account Number 97-7029-3.

WITNESS my signature on this 8th day of July, 2005.

FIRST COMMUNITY BANK OF
MERCER COUNTY, INC.

By: Karen M Browning
Its: Authorized Officer

05/23/05
354550/00001

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Mercer Mall Booster Station and Water Storage Tank PERMIT NO.: 15,328

LOCATION: near Maple View COUNTY: Mercer DATE: 7-31-2002

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Green Valley-Glenwood Public Service District
Post Office Box 6099
Bluefield, West Virginia 24701

is hereby granted approval to: install approximately 1,690 LF of 12" and 1,930 LF of 8" water line; one (1) 180 G.P.M. water booster station with two (2) 7.5 HP pumps receiving water from the Green Valley-Glenwood Public Service District North Hills water storage tank distribution system and a future one (1) 20 HP pump receiving water from the Green Valley-Glenwood Public Service District Bulltail Hollow water treatment plant clearwell, after the Bulltail Hollow water treatment plant is upgraded; one (1) 253,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are to serve approximately 150 customers in the upper and lower ends of Bulltail Hollow; the Mercer Mall; and the Cinemas 8 movie theaters.

NOTE: This permit is contingent upon: 1) All new water line and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer water lines, with the water lines above the sewer line; and 3) The new water storage tank being protected by a minimum six (6) feet high fence with a locking gate.

The Environmental Engineering Division of the Beckley District Office (304-256-6666) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:sec

pc: Pentree, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Mercer County Health Department
OEHS-EED Beckley District Office

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

RECEIVED

PERMIT

PROJECT: (Water) Rt. 20/Sandlick Road PERMIT NO.: 13,503

LOCATION: Sandlick COUNTY: Mercer DATE: 12-3-97

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Green Valley-Glenwood Public Service District
P.O. Box 6099
Bluefield, West Virginia 24701

is hereby granted approval to: Contract No. 1: Upgrade the Glenwood central control panel; add a control panel at the Littlesburg booster station; add a tank level control panel at the Route 20 water storage tank; install the Lakeland Park pressure reducing station; install approximately 16,040 LF of 12", 650 LF of 8", 15,550 LF of 6", and 2,050 LF of 2" water mains; and all necessary valves, controls and appurtenances. Contract No. 2: Install approximately 360 LF of 16" water mains; 130 LF of 10" water tank drain line; one (1) 350,000 gallon water storage tank and all necessary valves, controls and appurtenances.

Facilities are to serve approximately 105 customers in the Route 20 and Sandlick areas in the Green Valley-Glenwood Public Service District and provide a connection to the Bluewell Public Service District.

NOTE: This permit is contingent upon; 1) All new water mains being disinfected, flushed and bacteriologically tested, prior to use; and 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum eighteen (18) inches vertical separation between crossing sewer and water lines, with the water line above the sewer line.

The Environmental Engineering Division of the Beckley District Office (304-256-6666) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr.

William S. Herold, Jr., P.E.
Assistant Director
Environmental Engineering Division

WSH:cmh

pc: Pentree, Inc.
Susan Riggs, WVIJDC
Amy Swann, PSC-Water & Wastewater Division
Mercer County Health Department
OEHS-EED Beckley District Office