

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)**

BOND TRANSCRIPT

Closing Date: August 19, 2016

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)**

BOND RESOLUTION

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GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

RESOLUTION

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 \$15,711,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2016 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF 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, 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 upgrade of the water treatment facility, install a new raw water intake system, extend water service along Harmon School Road, and replace meters with radio read meters 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 and in the Prior Resolutions.

D. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), in the aggregate principal amount of \$15,711,000 (the "Series 2016 A Bonds"), to finance 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 2016 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided, that reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge and source of and security for payment being the Issuer's:

(i) Water Revenue Bond, Series 1993 (United States Department of Agriculture), dated December 15, 1993, issued in the original aggregate principal amount of \$414,000 (the "Series 1993 Bonds");

(ii) 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 (the "Series 2005 A Bonds"); and

(iii) 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 (the "Series 2005 B Bonds"), (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 2016 A Bonds as to liens, pledge and/or source of and security for payment.

The Series 2016 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2016 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2016 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

G. It is in the best interest of the Issuer that the Series 2016 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 19, 2014 and all amendments thereto, if any (collectively, the "Letter of Conditions").

H. 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 2016 A Bonds, or will have so complied prior to issuance of the Series 2016 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary

user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2016 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the “Bond Legislation”) shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2016 A Bonds.

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

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

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

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

“Bonds” means, collectively, the Series 2016 A 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” Triad Engineering, Inc., St. Albans, West Virginia, which has subcontracted the services to E.L. Robinson Engineering Company, Charleston, 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.

“Costs” or “Costs of the Project” means those costs described in Section 1.02 (D) hereof.

“Depository Bank” means First Community Bank, Bluefield, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

“FDIC” means the Federal Deposit Insurance Corporation.

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

“Governing Body” means the Public Service Board of the Issuer.

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

“Grants” means, collectively, all grants committed for the Project.

“Herein” or “herein” means in this Bond Legislation.

“Issuer,” “Borrower” or “District” means Green Valley-Glenwood Public Service District, a public service district, 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 June 19, 2014, 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 2016 A Bonds in the then current or any succeeding year.

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

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

into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

“Prior Bonds” means, collectively, the Series 1993 Bonds, Series 2005 A Bonds, and Series 2005 B Bonds.

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

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of

Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia “consolidated fund” managed by the West Virginia Board of Treasury Investments to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

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

“Resolutions” means, collectively, the Prior Resolutions and the Bond Legislation.

“Revenues” or “Gross Revenues” means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the

System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

“Secretary” means the Secretary of the Governing Body.

“Series 1993 Bonds” means the Issuer’s Water Revenue Bond, Series 1993 (United States Department of Agriculture), dated December 15, 1993, issued in the original aggregate principal amount of \$414,000.

“Series 2005 A Bonds” means the Issuer’s 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.

“Series 2005 B Bonds” means the Issuer’s 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.

“Series 2016 A Bonds” means the Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$15,711,000, 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 estimated maximum cost of the acquisition and construction of the Project is \$15,711,000 which will be obtained from the proceeds of sale of the Series 2016 A Bonds, herein authorized.

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 2016 A Bonds of the Issuer, to be known as “Water Revenue Bonds, Series 2016 A (United States Department of Agriculture)”, are hereby authorized to be issued in the aggregate principal amount of \$15,711,000 for the purpose of financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2016 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 2016 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 2.25% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only, commencing 1 year following delivery of the Bond and continuing on the corresponding day of each year for the first 24 months after the date hereof, and monthly payments of \$51,375, 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.

The Series 2016 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2016 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2016 A Bonds, and the right to principal of and stated interest on the Series 2016 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2016 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2016 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental

charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2016 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2016 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2016 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2016 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2016 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2016 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2016 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2016 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2016 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2016 A Bonds shall cease to be such officer of the Issuer before the Series 2016 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2016 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2016 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the Holder's

furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2016 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2016 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2016 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2016 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2016 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2016 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. AR-1

Date: _____, 2016

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 _____ (\$ _____), 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: Annual installments of interest only, on _____, 20__ and _____, 20__ (24 months after the date hereof), and thereafter monthly payments of \$ _____, covering principal and interest, on the _____ day of each month, commencing _____, 20__ to and including _____, 20__ (40 years from the date of this Bond); provided, that the final payment shall be in the sum of the unpaid principal and interest due on the date thereof. 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 is issued to (i) to pay the costs of acquisition and construction of certain extensions, additions and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay costs of issuance for the Bonds of this Series (the "Bonds") and related costs. 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 _____, 2016, authorizing issuance of this Bond (the "Resolution").

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

manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

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:

(I) WATER REVENUE BOND, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 15, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$414,000 (THE "SERIES 1993 BONDS");

(II) 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 (THE "SERIES 2005 A BONDS"); AND

(III) 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 (THE "SERIES 2005 B BONDS"),(COLLECTIVELY, THE "PRIOR BONDS")

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

[Remainder of Page Intentionally Blank]

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

ATTEST:

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, 20__.

In the presence of:

ARTICLE IV

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

Section 4.01 A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued as previously established by Prior Resolutions) with 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 Prior Resolutions);
- (2) Depreciation Reserve (established by Prior Resolutions);
- (3) Series 1993 Bonds Reserve Account (established by Prior Resolutions); and
- (4) Series 2016 A Bonds Project Construction Account.

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

- (1) Series 2005 A Bonds Reserve Account (established by Prior Resolutions);
- (2) Series 2005 B Bonds Reserve Account (established by Prior Resolutions); and
- (3) Series 2016 A Bonds Reserve Account.

Section 4.02 Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2016 A Bonds shall be deposited upon receipt by the Issuer in the Series 2016 A Bonds Project Construction Account. The monies in the Series 2016 A Bonds 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 Series 2016 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2016 A Bonds 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 Series 2016 A Bonds 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 2016 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2016 A Bonds 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 Series 2016 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2016 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2016 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2016 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2016 A Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Resolutions to pay the interest on the Prior Bonds; and (ii) to the National Finance Office the amount required to pay interest on the Series 2016 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, (i) on or before the due date thereof, remit to the National Finance Office the amount required by the Prior Resolutions to pay the principal of the Prior Bonds; and (ii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2016 A Bonds, the amount required to amortize the principal of the Series 2016 A Bonds over the life of the Bond.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by Prior Resolutions to be deposited in the Reserve Account for the Series 1993 Bonds; (ii) remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 2005 A Bonds and Series 2005 B Bonds; 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 in the Series 2016 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2016 A Bonds Reserve Account equals the Minimum Reserve Requirement; provided, that no further payments shall be made into the Series 2016 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 Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, an amount equal to 2.5% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Depreciation Reserve for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the

maximum extent required hereof) shall be promptly eliminated with monies from the Depreciation Reserve.

Whenever the money in the Series 2016 A Bonds Reserve Account shall be sufficient to prepay the Series 2016 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2016 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2016 A Bonds Reserve Account. All amounts required for the Series 2016 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund 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 2016 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2016 A Bonds Reserve Account shall constitute a trust fund 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 2016 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2016 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2016 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate

fund or account. Earnings from monies in the Series 2016 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2016 A Bonds, provide evidence that there will have signed user agreements, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2016 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2016 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2016 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2016 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. Prior to the issuance of the Series 2016 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes.

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 2016 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. So long as the Series 2016 A Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the system, or any part thereof without the prior written consent of the Purchaser. Such consent will provide for the disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser. No Parity Bonds shall be issued after issuance of the Series 2016 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2016 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions extensions, improvements or betterments to the System or refunding any Outstanding Bonds, or both such purposes.

So long as the Series 2016 A Bonds and the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2016 A Bonds and the Prior Bonds, representing 75% of the then-outstanding principal indebtedness.

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 Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, 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 over any other. 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 Series 2016 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 Series 2016 A Bonds.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2016 A Bonds remain Outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2016 A Bonds.

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

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

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

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and

employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2016 A Bonds are Outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2016 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2016 A Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2016 A Bonds at the date specified for payment thereof;

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2016 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

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

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

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so

appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided, that all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2016 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2016 A Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2016 A Bonds are Outstanding.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision entered on September 4, 2015 which became Final Order of the Public Service Commission of West Virginia on September 24, 2015 in Case No. 15-0036-PWD-CN-PC and 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 2016 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2016 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2016 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2016 A Bonds, the Issuer may not defease the Series 2016 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2016 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2016 A Bonds.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) and; provided, that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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.

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

Adopted this 17th day of August, 2016.

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 17th day of August, 2016.

Dated: August 19, 2016.

[SEAL]


Secretary



Rural Development

June 19, 2014

West Virginia State
Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
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J.W. Welch, Chairman
Green Valley-Glenwood Public Service District
P.O. Box 1518
Bluefield, WV 24701

RE: Water Plant Upgrade and Extension Project

Dear Mr. Welch:

This letter, with Attachments 1 through 11 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 by USDA, Rural Development (RD). 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 RD loan in the amount of \$15,711,000, and an RD grant in the amount of \$1,390,000 for a total project cost of \$17,101,000.

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. All parties may access our website located at www.rurdev.usda.gov/UWEP_HomePage.html for the following:

1. RUS Instruction 1780
2. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
3. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
4. RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"

If you do not have internet access, we will provide the appropriate documents.

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

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 (All Copies)
- Attachment No. 3 – Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 4 – Declination Statement (Applicant and Attorney Copies)
- Attachment No. 5 – Form RD 1927-9, “Preliminary Title Opinion” (Attorney Copy)
- Attachment No. 6 – Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” (Attorney Copy)
- Attachment No. 7 – Form RD 1927-10, “Final Title Opinion” (Attorney Copy)
- Attachment No. 8 – Guidance to Local Attorney (Applicant and Attorney Copies)
- Attachment No. 9 – Sample Credit Agreement (Applicant Copy)
- Attachment No. 10 – WV Supplemental General Conditions (Engineer Copy)
- Attachment No. 11 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
2. System for Award Management – System for Award Management (SAM) is a Federal Government database that has combined federal procurement systems and the Catalog of Federal Domestic Assistance into one system. The initiation of SAM includes the functionality of (1) Central Contractor Registry (CCR), (2) Federal Agency Registration (Fedreg), (3) Online Representations and Certifications Application, and (4) Excluded Parties List System (EPLS). The benefits of SAM include streamlined and integrated processes, elimination of data redundancies, and reduced costs while providing improved capability. Registering with SAM is required for all recipients of Federal loans and grants. Registration expires every 12 months and must be renewed. Federal regulation 2 CFR 25.110, requires recipients to maintain this registration until all funds have been expended. Funds will not be disbursed to recipients with expired registrations. Failure to maintain a current SAM registration could delay loan closing and/or payments during construction. Detailed instructions on registration and renewal are available at www.sam.gov or can be provided by our agency.

3. 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 3.25% interest rate and a monthly amortization factor of .00383, which provides for a monthly payment of \$60,174. 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. The District must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as part of this financing, you move any existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

You are reminded that the District may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD if at any time it shall be determined the District 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.

4. Security – The loan must be secured by a statutory lien of equal priority, a pledge of the system's revenues and other agreements between you and RD as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of the District. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
5. Users – This conditional commitment is based upon you providing evidence that you will have at least 3,661 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 28 signed user agreements and a signed 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 improved and expanded by the new project, at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of \$100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the 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 RD 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.

The RD loan and grant commitment is based on the District providing service to one large volume user. Evidence must be provided to show that user will actually be connected to the system when it is completed and that the monthly water usage projected by the engineer is reasonable. In the event that the user refuses the offered service, the District must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having that user on the system.

Before RD can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users have been acquired and are currently using the system.

6. Bond Counsel Services -- 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.
7. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. E-500, "Agreement between Owner and Engineer for Professional Services" (2008 Edition) should be utilized (3 Copies). The EJCDC document is issued under copyright and cannot be provided by RD.
8. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.
9. 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 loan/grant closing, 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 RD 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 RD concurrence is obtained.

Agency regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the District. "Government Auditing Standards" (Revised July 2007), which may be accessed at www.gao.gov/govaud/ybk01.htm, and RUS Bulletins 1780-30 and 1780-31, which may be accessed at our agency website, www.rurdev.usda.gov/UWEP_HomePage.html, 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 \$500,000 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.

10. 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. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
 - 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.
11. 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:
- a. West Virginia Department of Highways
 - b. Railroads
 - c. State Department of Health
 - d. Department of Environmental Protection
 - e. Corps of Engineers
 - f. Public Land Corporation
12. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:
- a. A Certificate of Convenience and Necessity.

- b. Approval of user charges that are acceptable to you and RD.
- 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.

13. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.
- a. General Liability Insurance – This should include vehicular coverage.
 - 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 the District 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 amount of coverage required by RD will normally approximate the total annual debt service requirements for the RD loans.
 - 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:
 - i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - ii. 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.

14. Environmental Requirements -

- a. Mitigation – At the conclusion of the proposal’s environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those actions(s) are required for successful completion of the project and must be adhered to during project design and construction.

Existing road right-of-way will be used to the fullest extent to avoid encroachment on private property. Top soil will be stockpiled and used for reclamation with seed and mulch. All construction areas will be seeded and mulched upon completion of work.

- b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

15. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) – Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA’s and ERP’s.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

16. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other Federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

17. Contract Documents, Final Plans and Specifications –

- a. The contract documents should consist of the following:
 - i. EJCDC Document No. C-520, 2013 Edition, “Suggested Form of Agreement between Owner and Contractor (Stipulated Price) and EJCDC Document No. C-700, 2013 Edition, “Standard General Conditions of the Construction Contract” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RD.

- ii. “WV Supplemental General Conditions.” (See Attachment No. 10)

RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (August 20, 2009 Version),” **must be used by your engineer in the preparation of the contract documents.**

- b. The contract documents must provide, as a minimum, the following insurance:
 - i. Liability Insurance – Personal Liability -- \$500,000; Property Damage -- \$200,000 each occurrence. This coverage must include indemnification of the District and its engineer. EJCDC Document C-700, “Standard General Conditions of the Construction Contract” and Exhibit H to RUS Bulletin 1780-26, “Supplementary Conditions” both suggest 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.
 - ii. 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.
 - iii. Workers’ Compensation – In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RD for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

18. State Prevailing Wage Law – You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, “Wages for Construction of Public Improvements” are met during construction of the project.

19. Interim Financing – Interim financing may be used for the RD loan if it is available at reasonable rates and terms. You must provide RD with a copy of the tentative agreement

reached in connection with interim financing. A copy of the proposed agreement should be provided for RD review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 9).

20. Disbursement of Funds – The RD funds will be advanced as they are needed in the amount(s) necessary to cover the RD proportionate share of any disbursements required of the District, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

- a. Federal grant awards (includes all Federal funding sources) are less than \$120,000 per year.
- b. The best available interest bearing account would not be expected to earn in excess of the following:

Public Bodies

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

- c. The depository would require a minimum balance so high that it would not be feasible.

The District will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

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 RD.

21. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

- a. Form RD 1940-1 – “Request for Obligation of Funds”
 - b. RUS Bulletin 1780-12 – “Water or Waste System Grant Agreement”
 - c. RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”
 - d. Form RD 400-1 – “Equal Opportunity Agreement”
 - e. Form RD 400-4 – “Assurance Agreement”
 - f. Form AD 1047 – “Certification Regarding Debarment – Primary”
 - g. Form AD 1049 – “Certification Regarding Drug-Free Workplace”
 - h. Form RD 1910-11 – “Applicant Certification, Federal Collection Policies”
 - i. RD Instruction 1940-Q, Exhibit A-1 -- “Certification for Contracts, Grants, and Loans”
 - j. Standard Form LLL – “Disclosure of Lobbying Activities” (If Applicable)
 - k. Certification of Compliance
 - l. Form RD 1942-46, “Letter of Intent to Meet Conditions”
22. 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.
23. Upon receipt of the loan and grant docket, which contains all the items required above, RD 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 RD with (a) a certified bid tabulation, (b) the project engineer’s evaluation of the bids received, and (c) your written 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.
24. Excess Loan and Grant Funds – If, after bid opening, there is determined to be a significant reduction in project cost, the District’s funding needs will be reassessed. Decreases in RD funds will be based on revised project costs and current number of users; however, other factors including RD regulations used at the time of loan and grant approval will remain the same. Obligated loan and grant funds not needed to complete the proposed project will be deobligated. Any reduction will be applied to grant funds first. In such cases, applicable forms, the letter of conditions, and other items will be revised.

25. Use of Remaining Funds – Application contributions will be the first funds expended in the project. Remaining funds may be considered in direct proportion to the amounts obtained from each source and handled as follows:
- a. Remaining funds may be used for eligible loan and grant purposes, provided the use will not result in major changes to the facility(s) and the purpose of the loan and grant remains the same.
 - b. Agency loan funds that are not needed will be applied as an extra payment on the Agency indebtedness unless other disposition is required by the bond ordinance, resolution, or State statute.
 - c. Grant funds not expended for eligible purposes will be cancelled. Prior to actual cancellation, you and your attorney and engineer will be notified of the Agency's intent to cancel the remaining funds and given appropriate appeal rights.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the District 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, RD 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,



BOBBY LEWIS
State Director

Enclosures

cc: Tracey Rowan, Area Director
Attn: Teresa Miller, Area Specialist
Beckley, WV

Triad Engineering, Inc.
Attn: Jack Ramsey, P.E.
4980 Teays Valley Road
Scott Depot, WV 25560

Smith, Cochran, & Hicks, LLC
Attn: Todd Dingess, CPA
3510 MacCorkle Ave., SE
Charleston, WV 25304

Step toe & Johnson, PLLC
Attn: John Stump, Esq.
P.O. Box 1588
Charleston, WV 25326-1588

William S. Winfrey, Attorney at Law
1608 Main Street West
Princeton, WV 24740

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 1,390,000	\$ 10,581,295	\$ 11,971,295
CONST. CONTINGENCY		\$ 837,991	\$ 837,991
LAND & RIGHTS		\$ 1,125,000	\$ 1,125,000
LEGAL FEES		\$ 70,000	\$ 70,000
BOND COUNSEL		\$ 45,000	\$ 45,000
ACCOUNTING		\$ 30,000	\$ 30,000
ENGINEERING FEES		\$ 1,055,760	\$ 1,055,760
Basic - \$593,480			
Insp. - \$375,400			
Special - \$86,880			
INTEREST		\$ 824,833	\$ 824,833
PERMITS		\$ 50,000	\$ 50,000
EQUIPMENT		\$ 731,982	\$ 731,982
PROJECT CONTG.		\$ 359,139	\$ 359,139
TOTAL	\$ 1,390,000	\$ 15,711,000	\$ 17,101,000

Rates

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$	10.59	per M gallons
Next	2,000	gallons @	\$	8.49	per M gallons
Next	6,000	gallons @	\$	6.38	per M gallons
Next	90,000	gallons @	\$	4.27	per M gallons
Over	100,000	gallons @	\$	2.17	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	\$	21.18	per month
1"	meter	\$	52.95	per month
1 1/2"	meter	\$	105.90	per month
2"	meter	\$	169.44	per month
3"	meter	\$	317.70	per month
4"	meter	\$	529.50	per month
6"	meter	\$	1,059.00	per month
Minimum Monthly Bill	\$21.18	for	2,000	gallons
Sales for Resale	\$1.91	per	1,000	gallons

Delayed Payment Penalty

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

Connection Charge

Prior to Construction - \$100

After the start of construction, there shall be a charge of \$300 for connection to the system.

Reconnection Charge

\$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

GREEN VALLEY - GLENWOOD PSD

Residential PROFORMA (28 New Customers At 4,000 gallon average per month)

	NUMBER OF USERS	USAGE	MINIMUM RATE	MINIMUM REV	FIRST 2M GALLONS	NEXT 2M GALLONS	NEXT 6M GALLONS	NEXT 90M GALLONS	ALL OVER 100M GALLONS
5/8" Minimums	72	55.0	\$ 21.18	1,525					
2,001 - 4,000 gallons	132	442.0			264.0	178.0			
4,001 - 10,000 gallons	132	847.0			264.0	264.0	319.0		
10,001 - 100,000 gallons	-	-			0.0	0.0	0.0	0.0	
All Over 100,000 gallons					0.0	0.0	0.0	0.0	0.00
TOTALS	336	1,344.0		1,525	528.0	442.0	319.0	0.0	0
RATES					\$10.59	\$8.49	\$6.38	\$4.27	\$2.17
PROCEEDS				1,525	5,592	3,753	2,035	0	0
					Annual Revenue				12,904
					Adjustment Factor				<u>0.993514</u>
Avg. monthly bill (based on 4.0M gallons)	\$38.16				Adjusted Annual Revenue				<u><u>12,821</u></u>
Avg. monthly bill (based on 4.5M gallons)	\$42.41								

Green Valley-Glenwood PSD
OPERATING BUDGET

OPERATING INCOME

Metered Sales	\$ 1,629,272	
Sales for Resale	\$ 734,796	
Forfeited Discounts	\$ 43,248	
Miscellaneous	\$ 23,179	
Unmetered Sales	\$ 48,732	
TOTAL OPERATING INCOME		<u>\$ 2,479,227</u>

NON OPERATING INCOME

Interest income	\$ 412	
TOTAL NON OPERATING INCOME		<u>\$ 412</u>

TOTAL INCOME

\$ 2,479,639

EXPENSES

O & M	\$ 1,443,295	
Taxes	\$ 38,330	
TOTAL EXPENSES		<u>\$ 1,481,625</u>

INCOME AVAILABLE FOR D/S (A)

\$ 998,014

DEBT SERVICE

Existing Bond P & I (B)	\$ 137,580	
Proposed Bond P & I (B)	\$ 722,076	
TOTAL DEBT SERVICE		<u>\$ 859,656</u>

DEBT SERVICE RESERVE

Debt Service Reserve*	\$ 72,208	
TOTAL DEBT SERVICE RESERVE		<u>\$ 72,208</u>

SURPLUS (DEFICIT)

\$ 66,150

DEBT COVERAGE (A/B)

\$ 1.16

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Water and Waste Processing Checklist**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	DUNS Number	1		Applicant		HAVE	3
	CAIVRS Number	1		RUS		HAVE	3
	System for Award Management (SAM) CAGE Code and Expiration Date	1		Applicant		HAVE	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
	Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE
	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	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		HAVE	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6
RUS Legal Services Agreement	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		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
	Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		HAVE	3
	Documentation on Service Area	1	1780.11	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
	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
CPAP Form	Project Information	2	1780.41(a)	RUS		HAVE	1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS		HAVE	3
RD 1940-1	Request for Obligation of Funds	2	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

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
	Relationships/Associations with Agency Employees	1	1780.1(f)	RUS		HAVE	3
RD 1910-11	Applicant Certification, Federal Collection 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
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		HAVE	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
2.	List of Signed Users Numbered to Map	1	LOC	Applicant			5
3.	List of Declination Statements Numbered to Map	1	LOC	Applicant			5
4.	Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
5.	Having Users Agreements and Declination Statements Available		LOC	Applicant			
6.	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	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 Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
	Deeds and/or Options		1780.44 (g)	Applicant/ Attorney			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
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		HAVE	5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
(Existing borrowers)	Certifications on VA and ERP	1		Applicant		HAVE	5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Directors

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

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

Fifteen Million Seven Hundred Eleven Thousand Dollars and no Cents (\$15,711,000)

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.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection 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.

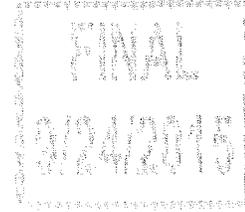
CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

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, 3 constituting a quorum, were present at a meeting thereof duly called and
 held on the 19th day of June, 2014; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of August 19, 2016,
 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 19th day of August, 2016


 MARTY MARIOTTI *Marty Mariotti*
 Title Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON



Entered: September 4, 2015

CASE NO. 15-0036-PWD-CN-PC

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
and BLUEWELL PUBLIC SERVICE DISTRICT,

Application for a certificate of convenience and necessity to upgrade the existing Glenwood Water Treatment Facility and install a new intake structure at the Doctor Dan Hale Reservoir, as well as a new raw water intake line to convey water to Glenwood Water Treatment Facility, to enter into a Water Purchase Agreement with Bluewell Public Service District, located in Mercer County.

RECOMMENDED DECISION

This Order grants the requested certificate of convenience and necessity, and approves the settlement agreement and tariff attached hereto as Appendix A.

PROCEDURE

On January 16, 2015, Green Valley-Glenwood Public Service District. (District) filed an application for a certificate of convenience and necessity, which stated:

Green Valley-Glenwood will upgrade the existing Glenwood Water Treatment Facility to allow the Applicant to sell water to Bluewell Public Service District (Bluewell), eliminate the existing Bulltail Water Treatment Plant, which in turn will allow for full control of water production from one (1) facility.

Green Valley-Glenwood will install a new Raw Water Intake System at the Doctor Dan Hale Reservoir to provide Green Valley-Glenwood with more raw water capacity and a higher quality and more reliable source of water, which will aid in the future growth of the area.

Green Valley-Glenwood will extend potable water service to customers along Harmon School Road and expand the customer base, thereby reducing the per customer operating cost and cushioning any future expenses that the system might incur. This will also prevent water from stagnating in the lines since the line will form a complete loop.

KWB

Green Valley-Glenwood will replace the existing meters with radio read meters to increase revenue due to more accurate metering and reduce labor due to fewer employees reading meters and faster gathering of the information.

Green Valley-Glenwood and Bluewell will enter into a Water Purchase Agreement whereby Bluewell will purchase potable water from Green Valley-Glenwood at a set rate and will, accordingly, allow Bluewell to take its water treatment plant out of production and will eliminate a raw water supply issue for Bluewell.

The project is estimated to cost \$17,101,000.00, of which \$17,101,000.00 is committed: RUS Grant in the amount of \$1,390,000.00 and RUS Loan (3.25%, 40 years) in the amount of \$1 5,711,000.00.

The applicants requested a 16% increase in residential, commercial and industrial rates, and the new resale charge would be \$1.91 per 1,000 gallons.

On February 18, 2015, the matter was referred to the Division of Administrative Law Judges for a decision to be rendered by August 14, 2015.

On March 2, 2015, the District submitted an affidavit of publication, saying that notice of its filing, including the above-referenced rates, ran in the *Bluefield Daily Telegraph* on February 21st, 2015.

On March 24 and 27, 2015, respectively, the Commission extended the ALJ decision date to October 15, 2015 and the statutory deadline to December 14, 2015, upon request of the District.

On July 27, 2015, Commission Staff filed a Second Further Final Joint Staff Memorandum. Staff recommended that the proposed resale rate be substantially higher, \$2.925 per 1,000 gallons, and that there be no increase to the existing rates for other customers.

On August 3, 2015, the District objected, stating that Staff's recommendation would unfairly place the cost for the entire project on its resale customer Bluewell PSD (Bluewell). It stated that Bluewell would not proceed with the project if the Staff-proposed resale rate was adopted, and would instead pursue a separate project to improve its own facilities. This in turn would place the entirety of the project in jeopardy.

On August 7, 2015, the undersigned issued a Procedural Order setting this matter for a hearing on August 20, 2015.

On August 17, 2015, Staff and the District filed a "Joint Stipulation and Agreement for Settlement," along with a motion to cancel the hearing, which was done. The parties agreed to a resale rate of \$2.26 per 1,000 gallons of water, and a 12.3% rate increase on the District's customers, to take effect upon substantial completion of the project.

The Commission has received no protests to the application.

FINDINGS OF FACT

1. On January 16, 2015, the Green Valley-Glenwood Public Service District filed an application requesting a certificate of convenience and necessity to upgrade its water treatment facility, install a new raw water intake system, extend service along Harmon School Road, and replace existing meters with radio read meters. (Application filed January 16, 2015).

2. The Green Valley-Glenwood Public Service District and the Bluewell Public Service District have petitioned for Commission approval of water purchasing agreement whereby Bluewell will purchase water from Green Valley-Glenwood. (Application filed January 16, 2015).

3. The age and condition of the District's two existing treatment facilities is such that they are in need of significant improvements to insure their long-term viability and reliability. Staff has concluded that the proposed project will improve water quality and increase capacity to deal with future growth. The existing raw water source for the Glenwood plant has a long history of low-quality raw water due to persistent algae blooms which adversely impact the reservoir and which result in taste and odor problems which are very difficult to manage. (Further Final Joint Staff Memorandum filed June 17, 2015, at Utilities Recommendation page 2).

4. The District estimates the construction will cost \$17,101,000 and be funded by a United States Department of Agriculture Rural Utility Service (RUS) grant of \$1,390,000 and an RUS loan of \$15,711,000 at 3.25% interest for 40 years with a 110% debt service coverage requirement. (Further Final Joint Staff Memorandum filed June 17, 2015 at Utilities Recommendation page 7).

5. The engineering costs for the proposed project comprise 8.8% of the construction cost, which is reasonable. (Further Final Joint Staff Memorandum filed June 17, 2015, at Utilities Recommendation page 5).

6. The project has been approved by the West Virginia Infrastructure and Jobs Development Fund. (Final Joint Staff Memorandum filed June 17, 2015).

7. Staff projects that the District's operation and maintenance expenses will increase \$86,446 annually due to the project. This increase is reasonable and adequate but not excessive. (Further Final Joint Staff Memorandum filed June 17, 2015 at Utilities Recommendation page 7).

8. The project is technically feasible and does not appear to conflict with any rules or regulations of the Commission. (Further Final Joint Staff Memorandum filed June 17, 2015 at Utilities Recommendation page 6).

9. The agreed-upon rates are projected to generate \$170,635 from residential and commercial customers and \$577,430 from the Bluewell sales agreement, leaving cash available

for debt service of \$993,354, \$56,481 in total surplus and 115.55% debt service coverage. (Further Final Joint Staff Memorandum filed June 17, 2015; Joint Stipulation and Agreement for Settlement filed August 17, 2015).

10. The Staff has recommended that the requested certificate be granted and its recommended rates be approved. (Joint Stipulation and Agreement for Settlement filed August 17, 2015).

11. The District has complied with all notice requirements. (Tariff Form 6-B filed April 1, 2015; Affidavit of Publication filed March 5, 2015).

12. No protests have been made to the proposed project as of the date of this Order. (Case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed project is financially feasible and economically viable.
3. The proposed financing is reasonable.
4. A certificate of public convenience and necessity should be granted to the Green Valley-Glenwood Public Service District for the proposed project.
5. The certificate can be granted without hearing since the project was properly published with no protests having been filed in response thereto, and since Commission Staff has recommended approval of the project. The revised rates for commercial and industrial customers are lower than those that were published.
6. The Staff-recommended rates and charges are sufficient, but not more than sufficient, to produce the level of revenue required by the Green Valley-Glenwood Public Service District to cover all operation and maintenance expenses, necessary capital additions and debt obligations.
7. Because the Staff-recommended rates, attached to this Order within Appendix A, are reasonable, they will be adopted and approved for the District's provision of water services to its customers on and after the date upon which the project certificated herein is certified as substantially complete.
8. The proposed water purchasing agreement between Green Valley-Glenwood and Bluewell, with rates revised by the settlement agreement, should be approved without specifically approving the terms and conditions thereof.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and hereby is, granted to the Green Valley-Glenwood Public Service District to upgrade the existing Glenwood Water Treatment Facility and eliminate the existing Bulltail Water Treatment Plant, install a new raw water intake system at the Doctor Dan Hale Reservoir, extend water service to customers along Harmon School Road, and replace existing meters with radio read meters. The cost of the project shall not exceed \$17,101,000. The District shall not proceed to construction until and unless it has all necessary State and federal permits. The District shall file all permits not yet received with the Commission upon receipt.

IT IS FURTHER ORDERED that the financing for the project, consisting of one United States Department of Agriculture Rural Utility Service (RUS) grant of \$1,390,000 and an RUS loan of \$15,711,000 at 3.25% interest for 40 years with a 110% debt service coverage requirement be, and hereby is, approved.

IT IS FURTHER ORDERED that the proposed water purchase agreement between Green Valley-Glenwood Public Service District and Bluewell Public Service District be, and hereby is, approved, without specifically approving the terms and conditions thereof.

IT IS FURTHER ORDERED that, if the scope, design, financing or cost of the proposed project changes, the Green Valley-Glenwood Public Service District petition the Public Service Commission for approval of such changes prior to commencing construction. However, if the project cost or financing changes do not require a rate change, the District's certified public accountant may file a verified statement to that effect, in lieu of such petition.

IT IS FURTHER ORDERED that the Green Valley-Glenwood Public Service District file with the Commission the certified bid tabulations for each contract awarded, as soon as they become available but no later than ten days after the bid opening date.

IT IS FURTHER ORDERED that the Green Valley-Glenwood Public Service District file copies of all outstanding regulatory permits and approvals required for the construction of this project.

IT IS FURTHER ORDERED that the Green Valley-Glenwood Public Service District file with the Commission a certificate of substantial completion for each contract awarded for the project certificated herein, as soon as each becomes available, but no later than ten days after the issuance of such documents.

IT IS FURTHER ORDERED that, if the project certificated in this Order requires the use of the Division of Highways' rights-of-way, the Green Valley-Glenwood Public Service District fully comply with all relevant rules and regulations of the Division of Highways.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, as set forth within Appendix A attached hereto, be, and hereby are, approved for all water service rendered by

the Green Valley-Glenwood Public Service District on and after the date that the project certificated in this Order is certified as substantially complete.

IT IS FURTHER ORDERED that the Green Valley-Glenwood Public Service District file with the Commission's Tariff Office an original and no less than five (5) copies of a proper water tariff reflecting the rates herein approved within thirty (30) days of the date that that the project certificated herein is certified as substantially complete.

IT IS FURTHER ORDERED that the proposed Water Purchasing Agreement between Green Valley-Glenwood Public Service District and the Bluewell Public Service District, as modified by the Joint Stipulation and Agreement for Settlement, is approved, without specifically approving the terms and conditions thereof. A revised executed agreement shall be submitted as a closed filing within twenty days of the date this recommended decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that this proceeding be, and hereby is, removed from the Commission's docket of open cases.

The Executive Secretary is ordered to serve this Order upon Staff by hand delivery, upon all parties of record who have filed an e-service agreement with the Commission by electronic service and upon all other parties by United States Certified Mail, return receipt requested, upon all other parties.

Leave is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen days of the date of this Order. 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 action or order, five days following the expiration of the fifteen day time period, unless it is ordered stayed by the Commission.

Any party may request waiver of the right to file exceptions by filing an appropriate petition in writing with the Executive Secretary. No such waiver, however, will be effective until approved by order of the Commission.



Darren Olofson
Administrative Law Judge

DO:s:lc
150036ab.sca

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 15-0036-PWD-CN-PC
GREEN VALLEY PUBLIC SERVICE DISTRICT and
BLUEWELL PUBLIC SERVICE DISTRICT

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to Rule 13.4 of the Commission's Rules of Practice and Procedure (150 C.S.R. 1), the following parties to this proceeding (hereinafter the "Stipulating Parties"), Green Valley-Glenwood Public Service District, Bluewell Public Service District, and the Staff of the Public Service Commission of West Virginia (Staff), join in this Joint Stipulation and Agreement for Settlement ("Agreement"), and request that the Public Service Commission of West Virginia (the Commission) approve and adopt it, in its entirety and without modification. If adopted, the Agreement would resolve the disputed issues in this proceeding. In support of the Agreement, the Stipulating Parties make the following representations:

Procedural History

1. On January 16, 2015, the Green Valley-Glenwood Public Service District filed an application for a certificate of convenience and necessity to upgrade the existing Glenwood Water Treatment Facility and install a new intake structure at the Doctor Dan Hale Reservoir, as well as a new raw water intake line to convey water to the Glenwood Water Treatment Facility. The project will allow the Green Valley-Glenwood Public

Service District to extend service to additional customers and to enter into an agreement with the Bluewell Public Service District to sell potable water to Bluewell.

2. The Green Valley-Glenwood Public Service District and the Bluewell Public Service District (jointly Districts) are also seeking the Commission's consent and approval to enter into a Water Purchase Agreement. The Water Purchase Agreement states that the Green Valley-Glenwood Public Service District will sell water to the Bluewell Public Service District at \$1.96 per thousand gallons of water delivered through the meter at the point of connection. However, the Notice of Filing states the Green Valley-Glenwood Public Service District will have a resale rate of \$1.91 and the Rules 42 Exhibit reflects a resale rate of \$1.90.

3. The Notice of Filing reveals that the Green Valley-Glenwood Public Service District's rates and charges related to the project will produce approximately \$743,817 as a result of new customers and \$973,601 as a result of increased rates annual and additional revenue, an increase of 16% in existing rates, and an overall increase in total revenue of 66%.

4. On March 2, 2015, the Districts filed a certification of publication as evidence that the Notice of Filing was published on February 21, 2015, in the Bluefield Telegraph as required by the Commission's January 23, 2015 order. The Stipulating Parties note that no public protest has been filed in the case in response to the Notice of Filing.

5. By an order entered on January 9, 2015, in Case No. 14-1987-PWD-PW the Commission denied the Green Valley-Glenwood Public Service District's request for a waiver of the thirty-day notice requirement for the filing of a certificate of convenience

and necessity. The Commission explained that it did not appear that the Green Valley-Glenwood Public Service District had finalized all of the documents on which it planned to rely for its certificate application.

6. On March 2, 2015, the Green Valley-Glenwood Public Service District filed a certificate of publication as evidence that it properly published the notice of filing as required by the Commission's January 23, 2015 order. On April 1, 2015, the District filed evidence that it complied with the Commission's notice requirements as set for in the second and third ordering paragraphs of the Commission's January 23, 2015 order.

7. On March 13, 2015, Staff filed a Final Joint Staff Memorandum recommending that this case be dismissed as Staff still did not have the information it needed to complete its review of this case. Staff recommended in the alternative, that the Green Valley-Glenwood Public Service District file a motion with the Commission to seek to toll the statutory deadline and extend the Administrative Law Judge's decision due date by the number of days from when the case was filed to when the requested information is provided so as to provide Staff with adequate time to conduct its review.

8. On March 17, 2015, the Districts filed responses to Staff's first data request.

9. On March 23, 2015, the Green Valley-Glenwood Public Service District and Bluewell Public Service District filed a letter requesting a sixty-two day extension of the Administrative Law Judge decision due date. In a separate letter, the Districts requested that the statutory period be tolled by sixty-two days.

10. By an order entered on March 24, 2015, the Commission extended the Administrative Law Judge's decision due date of August 14, 2015 to October 15, 2015.

By another order entered on March 27, 2015, the Commission tolled the statutory deadline until 12:01 a.m., December 14, 2015.

11. On June 17, 2015, Staff filed a Further Final Joint Staff Memorandum in which Staff recommended that the Commission grant Green Valley-Glenwood Public Service District a certificate of convenience and necessity pursuant to W. Va. Code § 24-2-11 subject to certain conditions. Staff further recommended that the Commission grant consent and approval pursuant to W. Va. Code § 24-2-12 to the District to enter into a Water Purchase Agreement with the Bluewell Public Service District provided the resale rate is revised as recommended by Staff, without approving the terms and conditions and without hearing. Staff further recommends that approval of the certificate include the following:

(a) Approval of project funding consisting of the following:
RUS loan (3.25% interest, 40 yrs, 110% coverage) \$15,711,000
RUS grant \$ 1,390,000

(b) This project has been approved by the WVIJDC. Staff recommends that if there are any changes in the plans or scope of the project, the District must seek Commission approval of such changes. Further Staff recommends that if there are changes in the rates to be charged associated with the project the District must also seek Commission approval of such changes. Finally, provided project-related rates remain unchanged, it is not necessary for the District to seek further Commission approval of changes in project costs or financing. However, under such circumstances Staff recommends that the District should be required to file an affidavit executed by its certified public accountant verifying that its rates and charges are not affected.

(c) Approval of the Staff Recommended resale rate to Bluewell Public Service District of \$2.031 found on Exhibit 6 effective upon substantial completion of the project.

(d) Approval of the Water Purchase Agreement between the District and Bluewell Public Service District without specifically approving the terms and conditions thereof.

(e) The District should be required to file with this Commission, copies of all other outstanding regulatory permits and approvals required for the construction of this project.

(f) The District shall provide a copy of the Engineer's certified Bid Tabulation(s) for all contracts to be awarded for this project as soon as they become available.

(g) The District shall submit a copy of the "Certificate of Substantial Completion" issued for each construction contract associated with the project as soon as they become available.

12. On June 30, 2015, Green Valley-Glenwood Public Service District filed a response to the Further Final Joint Staff Memorandum requesting that the Staff recommended rates be re-evaluated. The District explained that the Town of Pocahontas, Virginia, would not be purchasing bulk water from the Bluewell Public Service District, a resale customer of Green Valley-Glenwood Public Service District, as originally contemplated when the application for a certificate of convenience and necessity was filed. Green Valley-Glenwood Public Service District stated that the loss of the Town of Pocahontas would eliminate 300,000 gallons of bulk sales each day to Bluewell Public Service District, lowering Green Valley-Glenwood's income by over \$18,000/month. Green Valley-Glenwood Public Service District stated that this loss would prevent it from paying the debt service associated with this project.

13. On July 2, 2015, Green Valley-Glenwood Public Service District filed a CD containing engineering and financial information related to the elimination of

approximately 300,000 gallons of water being purchased by the Bluewell Public Service District.

14. On July 10, 2015, the Green Valley-Glenwood Public Service District filed a revised Rule 42 Exhibit showing how it would address the reduction in revenue from the Bluewell Public Service District. In the revised Rule 42 the District proposed to increase its residential and commercial customers' rates by 15% and proposed a resale rate to its proposed resale customer, Bluewell Public Service District, of \$2.031 per thousand gallons per month.

15. On July 27, 2015, Staff filed a Second Further Final Joint Staff Memorandum in which Staff stated that in light of the new information presented by the Green Valley-Glenwood District on June 30, 2015, in response to the Further Final Joint Staff Memorandum filed on June 17, 2015, Staff recommends a resale rate of \$2.925 (rather than the resale rate of \$2.031 Staff previously recommended). Staff continues to recommend no increase in the Green Valley-Glenwood Public Service District's residential and commercial customer rates. In all other respects, Staff continued to stand by its recommendations in the Further Final Joint Staff Memorandum filed on June 17, 2015.

16. On August 3, 2015, the Districts filed an objection to the Second Further Final Joint Staff Memorandum. The Districts objected to Staff's recommendation that 100% of the cost of the project be assigned to Bluewell Public Service District. The Districts asserted that the customers of both Districts benefit from the project. The Districts further asserted that their proposed resale rates was negotiated in good faith between

equals with no party having an undue influence over another. The Districts stated that the loss of the project will result in the costly duplication of treatment capacity, ultimately costing the customers of both Districts more than the solution proposed in this case.

17. By an order entered on August 7, 2015, the Administrative Law Judge set this case for hearing on August 20, 2015.

Settlement

18. Because Bluewell Public Service District has indicated it would not purchase water from Green Valley-Glenwood Public Service District at the Staff recommended resale rate and because the project will be a benefit to both Districts, the Stipulating Parties agree that the Green Valley-Glenwood Public Service District's resale rate will be \$2.26 per thousand gallons of purchased water. The Stipulating parties further agree that the Green Valley-Glenwood Public Service District's customers' rates will be increased by approximately 12.3% upon substantial completion of the project.

19. The Stipulation Parties agree that the attached Stipulated Tariff be placed into effect upon substantial completion of the project.

20. The Stipulation Parties agree that the Districts will revise the Water Purchase Agreement to reflect the agreed upon \$2.26 per thousand gallons of purchased water and file the revised executed agreement as a closed case filing in this within twenty (20) days of a final order being entered in this case.

21. The Stipulating Parties agree that in all other respects the Staff recommendations as summarized in paragraph 11 above be adopted.

General Provisions

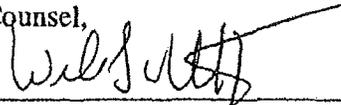
22. This Agreement is entered into subject to the acceptance and approval of the Commission. It results from a review of any and all filings in this proceeding. It reflects substantial compromises by the Stipulating Parties and the withdrawal of their respective positions asserted in this case, and is being proposed to expedite and simplify the resolution of this proceeding. It is made without any admission or prejudice to any positions which any party might adopt during subsequent litigation. The Stipulating Parties adopt this Agreement as being in the public interest, without adopting any of the compromise positions set forth herein as ratemaking principles applicable to future proceedings. The Stipulating Parties acknowledge that it is the Commission's prerogative to accept, reject, or modify any stipulation; however, in the event that this Agreement is rejected or modified by the Commission, it is expressly understood by the Stipulating Parties that they are not bound to accept this Agreement as modified, and the Stipulating Parties may avail themselves of whatever rights are available to them under law and the Commission's Rules of Practice and Procedure.

WHEREFORE, the Stipulating Parties respectfully request that the Commission make appropriate Findings of Fact and Conclusions of Law adopting and approving the Agreement in its entirety.

Respectfully submitted this 17th day of August, 2015.

GREEN VALLEY-GLENWOOD
PUBLIC SERVICE DISTRICT and
BLUEWELL PUBLIC SERVICE
DISTRICT

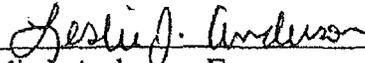
By Counsel,



William S. Winfrey, II, Esq.

STAFF OF THE PUBLIC SERVICE
COMMISSION OF WEST VIRGINIA

By Counsel,



Leslie J. Anderson, Esq.

STIPULATED TARIFF
(Effective upon Substantial Completion of the Project)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (Customers with metered water supply)

First	2,000 gallons used per month	\$10.26 per 1,000 gallons
Next	2,000 gallons used per month	\$8.22 per 1,000 gallons
Next	6,000 gallons used per month	\$6.18 per 1,000 gallons
Next	90,000 gallons used per month	\$4.13 per 1,000 gallons
All Over	100,000 gallons used per month	\$2.10 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	20.52
3/4 inch meter	30.78
1 inch meter	51.30
1 1/4 inch meter	74.90
1 1/2 inch meter	102.60
2 inch meter	164.16
3 inch meter	328.32
4 inch meter	513.00
6 inch meter	1,026.00
8 inch meter	1,641.60

(N) SALES FOR RESALE RATE

All water for resale will be billed in accordance with the approved rate of 2.260 per 1,000 gallons of water used per month.

(I) PRIVATE FIRE PROTECTION SERVICE

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	\$8.42 per month
3 -	inch or less service line with hydrants, sprinklers and/or hose connections	\$18.98 per month
4 -	inch or less service line with hydrants, sprinklers and/or hose connections	\$33.73 per month
6 -	inch or less service line with hydrants, sprinklers and/or hose connections	\$75.92 per month
8 -	inch or less service line with hydrants, sprinklers and/or hose connections	\$134.99 per month
10 -	inch or less service line with hydrants, sprinklers and/or hose connections	\$210.91 per month

(C) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the utility, not to exceed \$25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

DELAYED PAYMENT PENALTY

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

RECONNECTION FEE

\$25.00

To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills, fraudulent use of water.

STIPULATED TARIFF
(Effective upon Substantial Completion of the Project)

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

A tap fee of \$300 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.

(D) LEAK ADJUSTMENT

\$0.51 per thousand gallons is to be used when a bill reflects unusual water consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECURITY DEPOSIT

A deposit of \$50 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater.

- (C) Indicates Change
- (D) Indicates Decrease
- (I) Indicates Increase
- (N) Indicates New

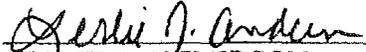
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 15-0036-PWD-CN-PC
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT and
BLUEWELL PUBLIC SERVICE DISTRICT

CERTIFICATE OF SERVICE

I, LESLIE J. ANDERSON, Staff Counsel for the Public Service Commission of West Virginia, hereby certify that I have served a copy of the foregoing "Joint Stipulation and Agreement for Settlement" upon all parties of record by First Class United States Mail, postage prepaid this 17th day of August , 2015.

William S. Winfrey, II, Esq.
Counsel, Districts
PO Box 1159
Princeton, WV 24740


LESLIE J. ANDERSON
Supervising Attorney
WV State Bar I.D. No. 5777

GREEN VALLEY-GLENWOOD SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2016 A BONDS

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 this 19th day of August, 2016 as follows:

1. On the 19th day of August, 2016, at Bluefield, West Virginia, the undersigned received for the Purchaser the Green Valley-Glenwood Public Service District Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), No. AR-1 (the "Series 2016 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$15,711,000, dated the date hereof, bearing interest at the rate of 2.25% per annum, payable in monthly installments as stated in the Bond. The Series 2016 A Bonds represent the entire above captioned Bond issue.

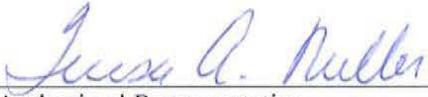
2. At the time of such receipt, the Series 2016 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Green Valley-Glenwood Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$1,801,503.56, being a portion of the principal amount of the Series 2016 A Bonds. The balance of the principal amount of the Series 2016 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

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WITNESS my signature on the day and year first written above.

UNITED STATES DEPARTMENT OF AGRICULTURE,
RURAL UTILITIES SERVICE



Authorized Representative

SPECIMEN

UNITED STATES OF AMERICA
GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$15,711,000

No. AR-1

Date: August 19, 2016

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 FIFTEEN MILLION SEVEN HUNDRED ELEVEN THOUSAND DOLLARS (\$15,711,000), plus interest on the unpaid principal balance at the rate of 2.25% per annum. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only, on August 19, 2017 and August 19, 2018 (24 months after the date hereof), and thereafter monthly payments of \$51,375, covering principal and interest, on the 19th day of each month commencing September 19, 2018 to and including August 19, 2056 (40 years from the date of this Bond); provided, that the final payment shall be in the sum of the unpaid principal and interest due on the date thereof. 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 is issued to (i) to pay the costs of acquisition and construction of certain extensions, additions and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay costs of issuance for the Bonds of this Series (the "Bonds") and related costs. 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 August 17, 2016, authorizing issuance of this Bond (the "Resolution").

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

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and

cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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:

(I) WATER REVENUE BOND, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 15, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$414,000 (THE "SERIES 1993 BONDS");

(II) 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 (THE "SERIES 2005 A BONDS"); AND

(III) 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 (THE "SERIES 2005 B BONDS"),(COLLECTIVELY, THE "PRIOR BONDS")

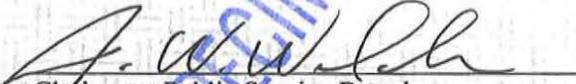
In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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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

ATTEST:


Secretary, Public Service Board

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$1,801,503.56	August 19, 2016	(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: _____, 20____.

In the presence of:

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$15,711,000

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	August 19, 2016	United States Department of Agriculture	



**STEP TOE &
JOHNSON**
P.L.L.C.
ATTORNEYS AT LAW

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www.step-toe-johnson.com

Writer's Contact Information

August 19, 2016

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Beckley, West Virginia

West Virginia Water Development Authority
Charleston, 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 \$15,711,000 Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on August 17, 2016, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

The Bonds are issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation 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 full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's: (i) Water Revenue Bond, Series 1993 (United States Department of Agriculture), dated December 15, 1993, issued in the original aggregate principal amount of \$414,000 (the "Series 1993 Bonds"); (ii) 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 (the "Series 2005 A Bonds"); and (iii) 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 (the "Series 2005 B Bonds"), (collectively, the "Prior Bonds").

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

LAW OFFICES
WILLIAM S. WINFREY, II.

W. Va. State Bar 4093
1608 West Main Street
Post Office Box 1159
Princeton, West Virginia 24740
bill@winfreylaw.com

Telephone: (304)487-1887

Facsimile: (304)425-7340

August 19, 2016

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Beckley, 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 on August 17, 2016 (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 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, including, without limitation, the adoption of a resolution prescribing such rates and charges, the time for appeal of which has expired prior to the date hereof without appeal. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

6. To the best of 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.

7. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision of the Public Service Commission of West Virginia dated September 4, 2015 which became a Final Order on September 24, 2015 in Case No. 15-0036-PWD-CN-PC, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the rates and charges of the System, and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof without any appeal. Such Order remains in full force and effect.

Sincerely,



WILLIAM S. WINFREY, II

LAW OFFICES
WILLIAM S. WINFREY, II.

W. Va. State Bar 4093
1608 West Main Street
Post Office Box 1159
Princeton, West Virginia 24740
bill@winfreylaw.com

Telephone: (304)487-1887

August 19, 2016

Facsimile: (304)425-7340
File No. 12-302

Green Valley-Glenwood Public Service District
P. O. Box 1518
Bluefield, WV 24701

Robert D. Lewis, State Director
USDA Rural Development
1550 Earl Core Road, Suite 101
Morgantown, WV 26505

Re: Final Narrative Opinion for
Green Valley-Glenwood Public Service District

Ladies and Gentlemen:

I am counsel to Green Valley-Glenwood Public Service District (the "Issuer") in connection with a proposed project to construct the Water Line Extension Project (the "Project"). I provide this final narrative opinion on behalf of the Issuer to satisfy the requirements for the Project. Please be advised of the following:

1. The Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project. The Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia has now been approved by Final Order effective on September 24, 2015.

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Stafford Consultants, Incorporated, the Consulting Engineer for the Project.

Green Valley-Glenwood Public Service District
Robert D. Lewis, State Director, USDA Rural Development
August 19, 2016
Page -2-

4. I have examined the records on file in the Office of the Clerk of the County Commission of Mercer County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

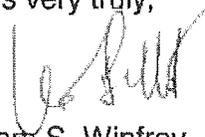
5. I hereby certify that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and WV State Code Chapter 54 have been met with all acquisitions.

6. All of the necessary rights of way and easements have been acquired by the Issuer.

7. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Mercer County to protect the legal title to and interest of the Issuer.

8. There is no litigation concerning any aspect of the Project.

Yours very truly,



William S. Winfrey, II

WSW,II/saw

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date 08-19-2016

Dear Sir:

I have reviewed the action taken by Green Valley-Glenwood Public Service District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way

Certificate," executed by the Corporation on August 19, 20 16. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate".

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.
- C. Exceptions:
None

Very truly yours,

William S. Winfrey, II

Attorney for Green Valley-Glenwood
Public Service District

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, 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 this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1490 Independence Avenue, S.W. Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

FINAL TITLE OPINION

LOAN APPLICANT Green Valley Glenwood Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION Water Line Extension Project in the Mercer County area	
APPLICANT FOR TITLE EXAMINATION Green Valley Glenwood Public Service District	COUNTY Mercer	STATE WV

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to August 19, 2016 at 9:00 a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in Green Valley Glenwood Public Service District
- as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid first statutory lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on August 19, 2016, at 9:00 a.m. and is recorded in _____, p.m.
(Date) (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):
- No exceptions.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph 1, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

08-19-2016

(Date)



(Attorney's signature)

1608 West Main Street
Princeton, WV 24740

(Address, include ZIP Code)

Attachments

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(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
9. USE OF PROCEEDS
10. LAND AND RIGHTS-OF-WAY
11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
12. CONTRACTORS' INSURANCE, ETC.
13. CONNECTIONS, ETC.
14. MANAGEMENT
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Green Valley-Glenwood Public Service District, in Mercer County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 19th day of August, 2016, in connection with the Green Valley-Glenwood Public Service District Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$15,711,000 (the "Series 2016 A 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 Series 2016 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated June 19, 2014, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted on August 17, 2016, authorizing issuance of the Series 2016 A 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 Bond Resolution when used herein. The Series 2016 A Bonds are being issued on this date to finance the cost of the acquisition and

construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2016 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2016 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2016 A 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, the cost of which is being financed out of the proceeds of sale of the Series 2016 A 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 Series 2016 A 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 Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") dated September 4, 2015 which became Final Order on September 24, 2015 in Case No. 15-0036-PWD-CN-PC, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the rates and charges for the system, and approving the financing for the Project. Such Order remains 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 the acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's:

(i) Water Revenue Bond, Series 1993 (United States Department of Agriculture), dated December 15, 1993, issued in the original aggregate principal amount of \$414,000 (the "Series 1993 Bonds");

(ii) 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 (the "Series 2005 A Bonds"); and

(iii) 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 (the “Series 2005 B Bonds”), (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 2016 A Bonds as to liens, pledge and/or service of and security for payment.

Prior to the issuance of the Series 2016 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2016 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2016 A 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 or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2016 A 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 or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Prior Bond Resolutions

Consent of USDA to Issuance of Parity Bonds

USDA Letter of Conditions, with all amendments

Public Service Commission Order(s)

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Filing

Minutes on Adoption of Bond Resolution

Bureau for Public Health Permit

United States Department of Agriculture Loan 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 (3) 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 Welch	November 8, 2011	October 31, 2017
James Carter	August 13, 2013	October 31, 2019
Greg Wimmer	December 14, 2010	October 31, 2016

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2016 are as follows:

Chairman - Jimmy Welch
Secretary - Marty Mariotti

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

8. DELIVERY AND PAYMENT: On the date hereof, the Series 2016 A Bonds were delivered to the Purchaser at Welch, West Virginia, by the undersigned Chairman for the purposes of (i) paying the costs of acquisition and construction of certain additions, improvements and extensions to the existing public waterworks facilities of the Issuer (the “Project”); and (ii) paying certain costs of issuance of the Bonds and related costs, and at the time of such delivery, the Series 2016 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2016 A Bonds, the undersigned Chairman received \$1,801,503.56, being a portion of the principal amount of the Series 2016 A Bonds. Further advances of the balance of the principal amount of the Series 2016 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2016 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 2.25% per annum is payable from the date of each respective advance.

9. USE OF PROCEEDS: The Series 2016 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes. The total Cost of the Project is estimated at \$15,711,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2016 A Bonds	\$15,711,000
Total Sources	\$15,711,000

USES

Costs of Acquisition and Construction of the Project	\$14,959,005
Capitalized Interest	706,995
Costs of Issuance	45,000
Total Uses	\$15,711,000

10. 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 Series 2016 A Bonds.

11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed (as applicable), 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.

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

13. CONNECTIONS, ETC.: The Issuer will serve bona fide users with the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

14. 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 the Purchaser.

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 Series 2016 A 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.

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

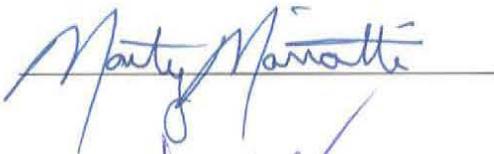
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

A handwritten signature in blue ink, appearing to read "J. W. Webb", written over a horizontal line.

Chairman

A handwritten signature in blue ink, appearing to read "Marty Marzetti", written over a horizontal line.
A second handwritten signature in blue ink, appearing to read "W. S. B.", written below the first signature and over a horizontal line.

Secretary

Attorney for Issuer

354550.00008

GREEN VALLEY-GLENWOOD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Jack E. Ramsey, Registered Professional Engineer, West Virginia License No. 014749 of E.L. Robinson Engineering Company, Charleston, West Virginia, hereby certify this 19th day of August 2016 that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing water 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.

1. The Bonds are being issued (i) to pay the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

2. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Bureau for Public Health; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; and (vii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the construction of the Project and operation of the System.

[Remainder of Page Intentionally Blank]

WITNESS my signature on the day and year first written above.

E.L. ROBINSON ENGINEERING COMPANY

SEAL



Jack E. Ramsey

Jack E. Ramsey, P.E.

West Virginia License No. 014749



smithcochranhicks PLLC
CERTIFIED PUBLIC ACCOUNTANTS

August 19, 2016

Green Valley-Glenwood Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

Green Valley-Glenwood Public Service District
Bluefield, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia in Case No. 15-0036-PWD-CN-PC, dated September 4, 2015 which became a Final Order on September 24, 2015, and projected operating expenses and anticipated customer usage as furnished to us by E.L. Robinson, Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Green Valley-Glenwood Public Service District (the "Issuer"), will provide for (i) all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), dated August 19, 2016, issued in the amount of \$15,711,000 (the "Series 2016 A Bonds") and (ii) all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Issuer's:

- (i) Water Revenue Bond, Series 1993 (United States Department of Agriculture), dated December 15, 1993, issued in the original aggregate principal amount of \$414,000 (the "Series 1993 Bonds");
- (ii) 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 (the "Series 2005 A Bonds"); and
- (iii) 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 (the "Series 2005 B Bonds"), (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues for the Fiscal Year following the year in which the Series 2016 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2016 A Bonds.

Sincerely,

A handwritten signature in blue ink, appearing to read "Smith Cochran & Hicks".

Smith, Cochran & Hicks, PLLC

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