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Hughes River Water Board

Pro-ceeding Dec. 16, 2008

<u>Name</u>	<u>Association</u>
Scanne Gore	Jackson Kelly PLLC
Alvin R. Haught	President HRWB
Samuel R. Haught	Attorney
Doana Rae Mullenix	Corporate Secretary HRWB
Virginia McDonald	USDA - Rural Development
Alan Harris	USDA - Rural Development
Manning J. Myers	Cerrone Assoc., Inc.
Bob Smith	Jackson Kelly
Chad A. Utter	Cerrone Associates, Inc.

S/B 36

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1996

RECEIVED
Mar 04
96
21 4:00
OFFICE OF THE CLERK
STATE OF WEST VIRGINIA

ENROLLED

Committee Substitute for
SENATE BILL NO. 36

(By Senator WIEDEBUSCH)

PASSED FEBRUARY 26, 1996
In Effect 90 days from Passage

RECEIVED
Mar 04 11:09 AM '96
OFFICE OF THE CLERK
SENATE OF WEST VIRGINIA

ENROLLED
COMMITTEE SUBSTITUTE
FOR
Senate Bill No. 36

(SENATOR WIEDEBUSCH, *original sponsor*)

[Passed February 26, 1996; in effect ninety days from passage.]

AN ACT to authorize the municipalities of Cairo, Harrisville and Pennsboro to construct and maintain a centralized water treatment plant, storage facilities and transmission lines for the purpose of providing potable water to those municipalities; authorizing the municipalities to create the Hughes river water board to assume ownership of the facilities; membership; powers and duties; board of directors; bylaws; rules; support, maintenance and operation; funds; and severability.

Be it enacted by the Legislature of West Virginia:

HUGHES RIVER WATER BOARD.

§1. Municipalities of Cairo, Harrisville and Pennsboro authorized to create and join the Hughes River Water Board; powers and duties generally.

1 The municipalities of Cairo, Harrisville and Pennsboro
2 are hereby authorized and empowered to create a joint
3 endeavor of the three governing authorities and join a
4 board to be known as the Hughes river water board to
5 own and operate a centralized water treatment plant,
6 water storage facilities and transmission lines to provide
7 these and other water service demands within the
8 county. The board shall have the power and authority to
9 own and operate a water treatment plant and transmis-
10 sion system to sell and contract for the sale of water and
11 to provide for the proper maintenance, repair and
12 upgrade to the water system, including the power of
13 eminent domain, to buy, sell or lease real and personal
14 property and to take all other actions as may be neces-
15 sary to carry out such purposes. The borrowing of
16 money and the notes, bonds and security interests
17 evidencing any borrowing shall be authorized by resolu-
18 tion approved by the board, shall bear the date or dates,
19 and shall mature at the time or times, in the case of any
20 bonds, as the resolution or resolutions may provide. The
21 notes, bonds and security interests shall bear interest at
22 such rate or rates, be in such denominations, be in the
23 form, either coupon or registered, carry the registration
24 privileges, be executed in the manner, be payable in the
25 medium of payment, at the place or places, and be
26 subject to the terms or conditions of redemption as the
27 resolution or resolutions may provide: *Provided, That*
28 every issue of notes, security interests and bonds shall be
29 limited obligations of the board payable solely out of any
30 revenues or moneys of the board, subject only to any
31 agreements with the holders of particular notes, security
32 interests or bonds pledging and particular revenues. The
33 notes, security interests and bonds issued by the board
34 shall be and hereby are made negotiable instruments
35 under the provisions of article eight, chapter forty-six of
36 the code of West Virginia, one thousand nine hundred

37 thirty-one, as amended, subject only to the provisions of
38 the notes, security interests or bonds for registration.

**§2. Board of directors; appointment; officers; procedures;
bylaws; rules.**

1 There shall be a board of directors, consisting of one
2 member representing each of the participating municipi-
3 palities. The municipalities shall make appointments to
4 the board through their duly constituted government
5 authorities as provided herein. No later than the first
6 day of July, one thousand nine hundred ninety-six, the
7 municipality of Cairo shall appoint one member of the
8 board of directors for the term of three years. The
9 municipality of Harrisville shall appoint one member for
10 the term of four years. The municipality of Pennsboro
11 shall appoint one member for the term of five years.
12 Although members shall serve from date of appointment,
13 terms of office shall expire as if said terms had com-
14 menced on the first day of July, one thousand nine
15 hundred ninety-six. Each successor member of the
16 board of directors shall be appointed by the respective
17 municipality that appointed the predecessor member and
18 each successor member shall be appointed for a term of
19 three years, except that any person appointed to fill a
20 vacancy occurring before the expiration of the term shall
21 serve only for the unexpired portion thereof. Any
22 member of the board shall be eligible for reappointment
23 and the appointing municipality which appointed the
24 member may remove that member at any time for any
25 reason. There shall be an annual meeting of the board of
26 directors on the second Monday in July of each year and
27 a monthly meeting on the day in each month which the
28 board may designate in its bylaws. A special meeting
29 may be called by the president or any two members of
30 the board and shall be held only after all of the directors
31 are given notice thereof in writing. At all meetings two
32 members shall constitute a quorum and at each annual
33 meeting of the board of directors it shall elect, from its
34 membership, a president, a vice president, a secretary
35 and a treasurer: *Provided*, That a member may be

36 elected both secretary and treasurer. The board of
37 directors shall adopt those bylaws and rules which it
38 deems necessary for its own guidance and for the admin-
39 istration, supervision and protection of the water board
40 and all of the property belonging to the water board.
41 The board of directors shall have all the powers neces-
42 sary, convenient and advisable for the proper operation,
43 equipment and management of the water board; and
44 except as otherwise especially provided in this act, shall
45 have the powers and be subject to the duties which are
46 conferred and imposed, upon the cooperating municipal-
47 ities by article twenty-three, chapter eight of the code of
48 West Virginia, one thousand nine hundred thirty-one, as
49 amended. The qualifications of the directors shall be
50 determined by each participating municipality.

§3. Same—A body corporate.

1 The Hughes river water board hereby created shall be
2 a public corporation and governmental instrumentality.
3 As such it may contract and be contracted with, sue and
4 be sued, plead and be impleaded and shall have and use
5 a common seal.

§4. Title to property.

1 The title to all property, both real and personal, that
2 will provide potable water to the municipalities in
3 connection with the operation by it shall vest in the
4 board of directors of the Hughes river water board,
5 hereby created.

§5. Support, maintenance and operation.

1 Each governing authority of the municipalities that
2 appoint membership to the board of directors or that are
3 served by the water facilities governed by the board
4 hereby created may support the board with general or
5 special revenues or excess levies. All income realized by
6 the operation of the water board from the sale of water
7 to municipalities or from any other sources shall be used
8 by the board of directors for the support of the Hughes
9 river water board.

§6. Deposit and disbursement of funds.

1 All money collected or appropriated by the three
2 governing authorities for water board purposes shall be
3 deposited in a special account for the Hughes river water
4 board, and shall be disbursed by the board for the
5 purpose of operating a public water system.

§7. Workers' compensation; social security and public employees' retirement benefits for employees.

1 All employees of the Hughes river water board hereby
2 created shall be entitled to the benefits of the provisions
3 of chapter twenty-three, and articles seven and ten,
4 chapter five of the code of West Virginia, one thousand
5 nine hundred thirty-one, as amended.

§8. Effect of future amendments of general law.

1 Amendments to article twenty-three, chapter eight of
2 the code of West Virginia, one thousand nine hundred
3 thirty-one, as amended, and other general laws shall
4 control this act only to the extent that they do not
5 conflict with the special features hereof, or unless the
6 intent to amend this act is clear and unmistakable.

§9. Severability.

1 If any provision hereof is held invalid, such invalidity
2 shall not affect other provisions hereof which can be
3 given effect without the invalid provision, and to this
4 end the provisions of this act are declared to be sever-
5 able.

That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Andy Schoups

Chairman Senate Committee

Andy Leavitt

Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Barrett E. Schuch

Clerk of the Senate

Bryan M. Gira

Clerk of the House of Delegates

Earl Ray Tomblin

President of the Senate

Paul Calton

Speaker House of Delegates

The within *is approved* this the *14*
day of *March*, 1996.

Garston Caperton

Governor

State of West Virginia
Office of the Secretary of State

I, Betty Ireland, Secretary of State of West Virginia, do hereby certify this is a true and correct copy of the original record now in my official custody as Secretary of State.



Given under my hand and the
Great Seal of the State of West Virginia

on December 8, 2008

Betty Ireland

Betty Ireland, Secretary of State

[Signature]

Clerk

Notice: This is an official certification only when reproduced in red ink.

HUGHES RIVER WATER BOARD

HARRISVILLE MUNICIPAL BUILDING
1501 EAST MAIN STREET

POST OFFICE BOX 243
HARRISVILLE, WV 26362-0243
Telephone: (304) 643-2719
Fax Number: (304) 643-4059

RESOLUTION

WHEREAS, the Hughes River Water Board was created by the Legislature of the State of West Virginia, to oversee the operation and other business deemed necessary for the Hughes River Water Plant, and

WHEREAS, the Hughes River Water Board will be selling water to the municipalities of Harrisville, Pennsboro and Cairo, and

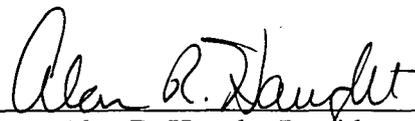
WHEREAS, due to the unique creation of this entity, and for purpose and guide lines for following State and Federal Regulations for providing safe water, the classification of the Hughes River Water Board does not appear to be a Public Water Supply or A Public Service District, and

WHEREAS, the municipalities of Harrisville, Pennsboro and Cairo have been operating their own individual plants as a Public Water Supply and the original plants for these municipalities will be taken out of service, and

WHEREAS, the Hughes River Water Board wishes to continue to provide safe water for the municipalities,

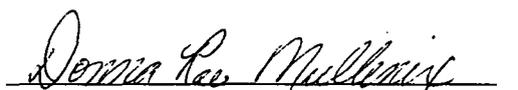
NOW THEREFORE BE IT RESOLVED, that the Hughes River Water Board will operate the Hughes River Water Plant by following the State and Federal Regulations, and will collect samples, conduct the required testing and/or have the testing conducted at a certified laboratory, and submit test results to the WV State Health Department in the same manner as was required by the individual municipalities.

Adopted by the Hughes River Water Board at a regular meeting on the 14th day of May, 2001.



Alan R. Haught, President

Attest:



Donna Rae Mullenix, Acting Secretary

COUNCIL

AUGUST 10, 1999

The Council for the Town met in regular session, Tuesday, August 10, 1999, 7:30 p.m., in the meeting room. Attending: Mayor Alan Haught, Recorder Donna Rae Mullenix, Councilmen; Jeff Adams, Jeff Hardman, Joe Jarrell, Richard Kerns and Tim Webber also Rosemary (Sue) Richards, Rita Deem, Janelle Dotson, Larry Long, Roger Garrett, Tori Knight and Jennifer Gregg.

The mayor called the meeting to order and the minutes of the July meeting were approved as presented.

Citizen Comments and/or Requests:

Rosemary (Sue) Richards, Rt. 2, presented a petition representing approx. 70 households requesting water service on Route 16 South, from the town limits to ALFAB, Inc. near Smithville. The request will be forwarded to MOVRC to be considered for funding. The projects of this nature are based on population density and use 10 services per mile as a guideline. Janelle Burwell, MOVRC, told Mrs. Richards it would be helpful to have a map of the area with the proposed services. She left the papers with the recorder until the map is completed and then will start the process. The mayor reminded Mrs. Richards that this would be a long process and to expect at least two years after it was funded.

Roger Garrett, would like to change the address on the building permit application for a five unit living complex on the east end of Wigner Avenue, that was approved in April 1999, to S. Penn Avenue. He also requested a copy of the ordinance on building streets to be accepted by the town.

Mayor's Report:

Sanitary Board met Monday, August 9, 1999, business as usual, plant running fine and approved Rt. 16 N. Sewer Drawdown # 5 to forward to council.

Drawdown # 5 - Rt. 16 N. Sewer, resolution presented by Janelle Dotson, MOVRC, Kerns moved to adopt the resolution, Jarrell seconded the motion which carried by unanimous vote. A copy of this resolution is found between page ___ and ___ of this minute record.

Rt. 31 Water: paperwork has been submitted to RUS and now we are waiting on their approval to go to bid.

Agreement: Ellenboro-Lamberton PSD for Temporary Water Service: The mayor presented the agreement for consideration, explaining it included the clause, if a sufficient water supply was available, so the town could meet its' own customers demands. Discussion held, Jarrell moved to approve the temporary agreement, Hardman seconded the motion which carried by unanimous vote. A copy of this agreement is found in this minute record between page ___ and page ___.

Sidewalk Project: Progressing on Main Street, business area, and hoping to do the walk in front of NAPA, a portion of W. Main St. between Woman's Club Bldg. and Masonic Bldg., Spring Street across from Court House, if trees are removed, and "cap" a portion on Stout St. at Maple property. Kerns noted that he, Hardman and the mayor had looked the proposed sites over last week and it will be a big project but he would still like to see a walk to the Sen. Citizen Center on Court, and hoped that it could be done later. He would like to urge the property owners to repair the sidewalks on their property and continue improving our town. He also noted they looked at the area of the Layfield bldg. and realize it is going to take assistance from the DOH and suggested that we send a letter to the local level asking for help and to continue on up the line if necessary.

to put the PSC Guidelines for Mandatory Water Restrictions into effect immediately, until further notice. Jarrell seconded the motion which carried by unanimous vote. Kerns also suggested meeting weekly to monitor the situation. The recorder's office should contact the laundromat, car wash, fire dept. and others needing to know before the papers comes out Wednesday evening.

Business License Applications:

1. **Beverly Rial**, Ellenboro, 4R's VENDING, stocking snack vending machines.
 2. **Lou Ann Wyer/Suzanne Wolfe**, BEAUTY SHOP, 500 Maryland Avenue
- Kerns moved to approve both applications, Hardman seconded the motion which carried by unanimous vote.

Building Permit Applications:

1. **Bryan Backus**, Rt. 1, Box 147B, Harris Addn. Modular Home, 50 ft from ROW
2. **RCIFS**, Edgeview Lane, storage building, 25 ft from ROW
3. **Armstrong Telephone Co.**, 600 North St. enclosing corner of bldg, 20 feet from ROW
4. **Steve Mullenix**, 600 Cooper St., Enclosed porch on back of house, 62 feet from ROW
5. **Garrett Construction**, Penn Ave., 5 unit Apt. Bldg., previously approved for Wigner Ave.

(This was a change of address of structure and using todays date)

Kerns moved to approve all the applications, Adams seconded the motion which carried by unanimous vote.

Bills: Jarrell moved to allow payment of the invoices presented, Kerns seconded the motion which carried by unanimous vote.

Field House/ Football Field: Discussed rental fees and use by professional promoters. No further action taken at this time.

Park Concession Stand: Discussed hours of operation and clean up of trash, will be addressed at next Park Commission Meeting.

Jarrell requested an executive session to discuss personnel matters and moved to retire to same, Kerns seconded the motion which carried by unanimous vote.

Retired to executive session at 8:25 p.m..

Executive Session 8:25 p.m. to 9:45 p.m..

Council returned to regular session at 9:45 p.m.

Employee salaries and wages: Minimum wage is 5.15 per hour and hourly maintenance employees are making 6.00 to 6.50 per hour at this time. Kerns moved to increase Jessie Jones wage from 6.00 to 6.50 per hour and Bill Mace from 6.15 to 6.50 per hour, effective the beginning of the current pay period, Aug 6, 1999, Jarrell seconded the motion which carried by unanimous vote.

Police Officer Candidate Interviews: The applications were reviewed and Doug Tingler, Ren Duvall, Rodney Jones and Christopher Cogar were selected to be interviewed, Monday, August 16th, beginning at 7:00 p.m. and continuing at 30 minute intervals. The recorder will contact the applicants. It was determined that the starting salary for a Police Chief would be between \$16,000 and \$20,000, depending on qualification and/or experience.

September Meeting Change: Due to a conflict of dates and by general concensus, the Sept. council meeting will be held Tuesday, Sept. 7, 1999, at 7:30 pm.. instead of the meeting regularly scheduled for the second Tuesday, Sept. 14, 1999.

Jarrell moved to adjourn, Webber seconded the motion which carried by unanimous vote.

The meeting adjourned at 10:05 p.m..

State of West Virginia
Ritchie County:

I, Donna Rae Mullenix, Secretary of the Hughes River Water Board,
County and State aforesaid, do certify that the foregoing is a copy
of the November 6, 2007 Minutes for the Town of Cairo
on record in my office in the Harrisville Municipal Building, 1501
East Main Street, Harrisville, West Virginia, 26362 This was given
to me and signed by Patricia Jenkins, Mayor of the Town of Cairo.

Given under my hand and seal of the said Hughes River Water Board
this 2nd day of May, 2008.



Corporate Secretary, Hughes River Water Board

CAIRO TOWN COUNCIL

REGULAR MEETING

NOVEMBER 6, 2007

Members present: Ron Allen, Bill Sandy, Carlos Nutter, Larry Baker, Jimmy Reed.

Guests: Marilyn Schmucke, Josh and Matt Kinney.

Ron moved to accept the minutes from the October meeting as read, to accept the monthly financial report as presented and to pay bill as they come in. Carlos second. All approved.

Cairo resident and Ritchie Co. High School student Matt Kinney was present to observe the process of a town council meeting for his college level Political Science class. Council welcomed questions and comments from both Matt and Josh Kinney. Mayor Jenkins asked them what types of activities and events the youth in town would like to see. Matt suggested a community youth center providing activities such as dances, sports, gameroom, and a computer center similar to The Rivers Edge center in Harrisville.

Bill asked that two 4" couplers and a 12 foot length of 4" plastic water pipe be ordered.

Bill also commented that trick or treat and the party after went well. Wilsey and Bill Sandy and Jimmy Reed were thanked for their help with the party.

Bill said he heard this years Pioneer Days festival was one the best to date.

All agreed that Pioneer Days festival was a great success. Mayor Jenkins heard many compliments about how well it went. She also commented that the turn out was one of the best, the weather was great as well as the food and music.

An exposed water line in the river bank mentioned during the October meeting turned out to be a gas line instead. Bill Sandy and Larry Baker followed through with the plan to put sand bags around the line to divert the flow of water to prevent further erosion. The placement of the sandbags is working out well.

Ray Moneypenny and Roydice Layfield set the concrete pad and ran the gas line in preparation for the generator at the community building. The company that donated the generator will do the electrical wiring and initial start up.

Ray hauled five loads of sludge on Nov. 5th. Doc Powell helped get the dump truck started and ran the pump for one load.

October sewer samples finally got in to the lab on Nov. 5th.

The sewer plant operator (permanent) position remains open. Several applications have been received. Sarah Couant mentioned that she might be interested in the position. She has worked with the town through a state funded program since January.

Pump B at the sewer plant has an electrical problem. Gene Hearne was contacted to fix the pump.

Mayor Jenkins has received notice that the rent is due on the Rt.50 billboard sign. Ron Allen noted that the sign does help draw tourists to Cairo. Carlos moved to pay the \$500.00 yearly rental fee for the billboard sign on Rt. 50 with the understanding that the town will be reimbursed when the money is collected from participating businesses. Larry second. All approved.

The dumpster donated by the HR Presbyterian church is being used and working out well.

The tentative date set for the Town Christmas party is Saturday Dec 22nd at 6:00 pm. at the community building. Pat will check the calendar there to make sure the building is available that evening.

Council accepted Gary Haugh's resignation as Cairo's representative on the Hughes River Water Board. Carlos moved to appoint Mayor Jenkins as Cairo Representative on the HRWB. Ron second. All approved.

Meeting adjourned. Next Meeting: December 4, 2007

Patricia I. Jenkins, Mayor

August 18, 2003

The Pennsboro City Council met in regular session Monday August 18, 2003 at the city building. The meeting was called to order at 7:30 pm. by the mayor with the following in attendance:

Mayor:	Wesley Merritt
Councilmembers:	Mary E. Mahaney, Robert Riggs, Charlene Sweeney and Francis Sellers II
City Clerk:	Mary Jane Allen
City Attorney:	Richard A. Hayhurst
News Reporters:	Torie Knight & Connie Frederick
Visitors:	Sue White, Terry Snodgrass, Wayne Miller, Jerald Cunningham, Gene Freeland, Robert D. Lamp Jim Props

Councilman Riggs moved the minutes of the previous meeting be approved as written, seconded by Councilman Mahaney and motion passed.

Gene Freeland appeared before council to inform them of the problem of the water drainage from Park Drive down Walnut Street and runs onto his property. He mentioned the culverts were plugged up causing part of the problem. The mayor stated the city crew will look over the problem and try to correct it.

Sue White of the Park Commission, appeared before council to ask for some help with the mowing at the park. The city had previously agreed to use the side-arm on the tractor to help. Mrs. White stated the 3rd shelter had been erected and the bathrooms were 96% done. Mrs. White inquired as to when the annexation papers would be presented to the county commission. Attorney Hayhurst stated on September 9, 2003 at 11:00 am. the annexation hearing will be heard before the County Commission.

Terry Snodgrass, 911 director for Ritchie & Doddridge Counties, wanted to brief the city as to where the state wide addressing and mapping is at this point.

Councilman Riggs moved the city participate in the state wide mapping and addressing plan and authorize the mayor to send a letter to the state wide mapping office, seconded by Councilman Sweeney and passed unanimously.

Councilman Mahaney moved council approve "Consent Approval to Transfer of CATV Franchise" and authorize the mayor to sign the agreement seconded by Councilman Riggs and motion passed with Councilman Sellers abstaining.

Councilman Sellers moved Mayor Merritt be approved to sign the amended engineering agreement with Burgess & Niple, seconded by Councilman Riggs and unanimously passed.

Councilman Riggs moved council approve the agreement with West Union Bank concerning the placing of a welcome sign on their property, seconded by Councilman Sellers and motion carried.

Mayor Merritt stated he had met with Kent Spellman about the area near the Depot and grade school as a memorial to Fred & Sybil Simonton.

Councilman Sellers moved the following building permits be approved, seconded by Councilman Sweeney and passed unanimously:

- Mrs. George Baker, 503 Grey for siding & deck
- Donna Williams, 601 E. Penn for roof and patio
- Bernice Collins, 108 Hickory for roof and general repair
- Sam Cokeley for Jackie Bell, Premier to raze building
- David Garletts, 509 Mountain Drive for roof and general repairs
- Joey Shaffer, 409 Grey St., for general repairs
- Jeff Hawkins, 900 Spring Run Road, for garage and office
- Michael Shepherd, 508 1/2 to add addition
- Ida E. Jones, 302 E. Myles for steps and roofing
- Bob Wilson, 212 Cherry Lane for retaining wall

Councilman Mahaney moved the following bills be approved for payment with bills in the water department be paid as money becomes available, seconded by Councilman Sweeney and passed unanimously.

Councilman Riggs moved council declare the Glass Factory and Marble Factory to be a public nuisance and authorize the institution of a suit to abate them, seconded by Councilman Mahaney and passed unanimously.

Councilman Riggs mentioned BFS had been written a letter about cleaning up the abandoned tanks and pipe from their property, but no action has been taken by BFS. Attorney Hayhurst will write a letter to them.

Councilman Mahaney mentioned the house near Mary Freeland's (Peggy Robinson) that is partially burned. She stated 15 racoons had been trapped there and returned to the wild. She would like for the city to follow up on this property.

Councilman Mahaney stated she would like for council to think about putting a limit on the number of days for yard sales. Putting a time limit on cleaning up after a sale.

Francis Sellers, maintenance coordinator, mentioned the dump truck was having some work done on it. The windows at the city building need to be painted as soon as he can find someone to do the work.

Francis Sellers, stated he would like for council to tell him what they consider to be top priority and he will try to schedule the work to be done.

Councilman Sellers moved the meeting adjourn seconded by Councilman Mahaney.

Mary E Mahaney
Mayor *JRD Lem*

Mary Jane Allen
City Clerk

Pennsboro Council met in special meeting via telephone on September 3, 2003 to consider the bids for blacktopping cemetery road. Council had received 2 bids. One from Evans Construction in the amount of \$16,755.00 and one from All-Ways Paving for \$17,300.00. Councilman Riggs moved council accept the bid from Evans Construction for \$16,755.00 seconded by Councilman Sellers and motion approved by Riggs, Sellers, Sweeney and Mahaney all voting yes.

Mayor Merritt declared the meeting adjourned.

Mary E Mahaney
Mayor *JRD Lem*

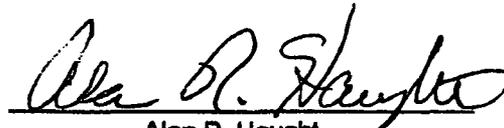
Mary Jane Allen
City Clerk

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

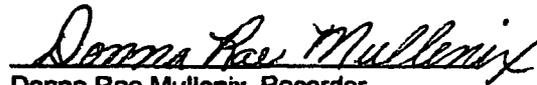
Before me, Donna Rae Mullenix, Recorder of the Town of Harrisville personally appeared, Alan R. Haught, who has been duly elected to the position of Mayor of the Town of Harrisville, and took and subscribed the following:

I, Alan R. Haught, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the position of Mayor of the Town of Harrisville, to the best of my skill and judgement.

So help me God.


Alan R. Haught

Given under my hand, this 1st day of July, 2005.


Donna Rae Mullenix, Recorder
Town of Harrisville

State of West Virginia

Cairo Town Council

TO WIT: PATRICIA JENKINS do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the municipal Code of the Town of Cairo, and I will honestly and faithfully perform duties imposed upon me under the provisions of law as a member of the Cairo Town Council, to the best of my skills and judgement.

Signed:

Patricia Jenkins
Mayor

Date:

7-2-07

Attest:

Mary V. Charlton

Date:

7-2-07

Oath of Office

State of West Virginia,
County of Ritchie, to-wit:

I, **Wesley S. Merritt**, upon my oath do hereby solemnly swear that I will support, protect, preserve and defend the Constitution and laws of the United States of America, the Constitution and laws of the State of West Virginia and the Charter and ordinances of The City of Pennsboro, and faithfully perform my duties as **Mayor** of The City of Pennsboro for the four-year term beginning July 1, 2007, to the best of my skill, ability and judgment, **So Help Me, God.**

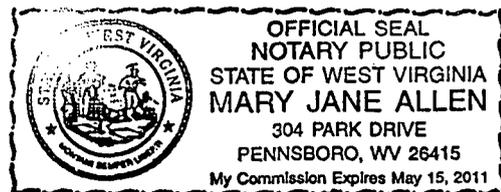


Wesley S. Merritt

Taken, subscribed and sworn to before me this, the 30th day of June,
2007.



Notary Public



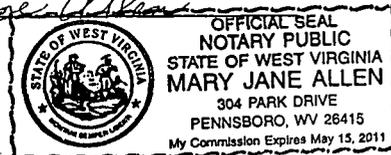
I, Wesley S. Merritt, do solemnly swear to support the Constitution of the United States, The Constitution of the State of West Virginia, and the laws of the City of Pennsboro and perform and discharge the duties of the Mayor of the City of Pennsboro to the best of my ability, so help me God.

Wesley S. Merritt
Mayor

Subscribed and sworn to before me this the 20th day of JUNE 2003.

Mary Jane Allen
Notary Public

My commission expires May 15, 2011



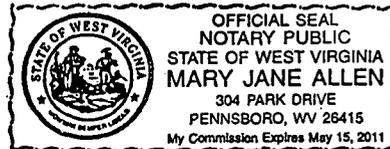
I, Francis (Bud) Sellers, do solemnly swear to support the Constitution of the United States, The Constitution of the State of West Virginia, and the laws of the City of Pennsboro and perform and discharge the duties of the Council of the City of Pennsboro to the best of my ability, so help me God.

Francis (Bud) Sellers
Councilmember

Subscribed and sworn to before me this the 23rd day of JUNE 2003.

Mary Jane Allen
Notary Public

My commission expires May 15, 2011



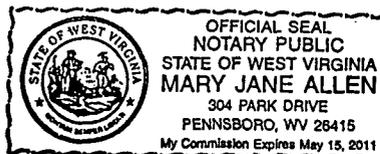
I, Mary E. (Peggy) Mahaney, do solemnly swear to support the Constitution of the United States, The Constitution of the State of West Virginia, and the laws of the City of Pennsboro and perform and discharge the duties of the Council of the City of Pennsboro to the best of my ability, so help me God.

Mary E. "Peggy" Mahaney
Councilmember

Subscribed and sworn to before me this the 20th day of June 2003.

Mary Jane Allen
Notary Public

My commission expires May 15, 2011



BYLAWS
OF
THE HUGHES RIVER WATER BOARD

Article I. Name.

The name of the Corporation is the Hughes River Water Board. The Corporation is a public corporation and governmental instrumentality formed for the benefit of the municipalities of Cairo, Pennsboro and Harrisville by Senate Bill No. 36 (a local bill) passed February 26, 1996 and in effect ninety days from passage (hereinafter "SB 36").

Article II. Offices.

The principal office of the Corporation shall be located at 1501 East Main Street, Harrisville, West Virginia. The Corporation's mailing address shall be P.O. Box 243, Harrisville, West Virginia 26362-0243. The Corporation may have such other offices as the Board of Directors may designate or as the business of the Corporation may require from time to time.

Article III. Purpose.

The purpose for which this Corporation was formed by the West Virginia Legislature is to own and operate a centralized water treatment plant, water storage facilities, and water transmission lines for the municipalities of Cairo, Harrisville and Pennsboro,

West Virginia and for other water service demands within Ritchie County, West Virginia.

Article IV. Membership.

Pursuant to SB 36, the Corporation is for the benefit of the municipalities of Cairo, Pennsboro and Harrisville (hereinafter the "Member Municipalities"). All business and affairs of the Corporation shall be managed by the Board of Directors elected by the Member Municipalities. Unless authorized by legislation, no other members are permitted.

Article V. Board of Directors.

Section 1. General Powers. The business and affairs of the Corporation shall be managed by the Board of Directors.

Section 2. Number, Election, Tenure and Qualifications. The number of directors of the Corporation shall be three (3). One director shall be appointed by Cairo to serve an initial three (3) year term, one by Harrisville to serve an initial four (4) year term, and one by Pennsboro to serve an initial five (5) year term. All such initial terms shall expire as if each commenced on July 1, 1996. After the initial terms, successor directors appointed by each Member Municipality shall serve three (3) year terms. Each director shall hold office until his or her successor shall have been appointed by the appropriate municipality. A director is subject to removal, at any time, with or without cause by the municipality which appointed the director. Notice of removal shall be given to the board, the removed director and the Ritchie County Commission.

Section 3. Annual and Regular Meetings. The annual meeting of the Board of Directors shall be held on the second Monday in the month of July, in each year, beginning with the year 1999 at a time and place selected by the Board of Directors. The Board of Directors shall hold regular meetings without further notice to the directors other than this bylaw on the second Monday of each month.

Section 4. Special Meetings. Special meetings of the Board of Directors may be held at any time by the call of the President or any two Directors of the Corporation.

Section 5. Notice. Notice of any special meeting shall be given at least five (5) days previously thereto by written notice delivered personally or mailed to each director at his or her business address, or by facsimile. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The presence of any director at a meeting shall constitute a waiver of notice of such meeting as to that director, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at any special meeting of the Board of Directors must be specified in the notice of such special meeting. In addition, written notice of the purpose of the meeting must be given if the business intended to be transacted at a regular meeting is amending the Bylaws, authorizing the sale of all or substantially all of the assets of the Corporation or borrowing money by the Corporation.

Section 6. Quorum. Two (2) directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a

meeting, one director may adjourn the meeting from time to time without further notice.

Section 7. Voting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by these Bylaws or by law. Directors cannot vote by proxy at meetings.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors shall be filled by action of the municipality that appointed the director no longer serving. A director appointed by action of a municipality to fill a vacancy shall serve for the unexpired term of his or her predecessor in office. Any vacancy, of thirty (30) days or more, occurring in the Board of Directors due to inaction by a municipality shall be filled by the Ritchie County Commission. The director appointed by the Ritchie County Commission shall be from the area served by the municipality which failed to appoint a director. The term of replacement directors appointed by the Ritchie County Commission shall expire at the same time as the term of his or her predecessor in office or upon the appointment of a director from that municipality, which ever occurs first. The Ritchie County Commission shall notify the Board of Directors and each Member Municipality of its selection no later than forty-five (45) days after a vacancy occurs which is not filled by the Member Municipality.

Section 9. Compensation. Directors shall receive such compensation for their services and shall be reimbursed for their expenses as may be determined from time to time by resolution of the Board of Directors.

Section 10. Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors

at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. Meeting by Electronic Communication. Subject to compliance with the West Virginia open meetings law, one or more directors may participate in a meeting of the directors by means of conference telephone or similar electronic communications equipment by means of which all persons participating in the meeting can hear each other. Whenever a vote of the directors is required or permitted in connection with any corporate action, this vote may be taken orally during this conference. The agreement thus reached shall have like effect and validity as though the action were duly taken by the action of the directors at a meeting of directors if the agreement is reduced to writing and approved by the required number of directors at the next regular meeting of the directors after the conference.

Section 12. Meetings Open to Public. Meetings of the Board shall be open to the public in accordance with Chapter 6, Article 9A of the Code of West Virginia. The Secretary of the Corporation shall give advance of all meetings by posting an announcement of the time and place of all regular meetings and the time, place, and purpose of all special meetings at City Hall for each municipality at least three (3) days prior to such meeting and by sending a corresponding press release to a newspaper of general circulation

in Ritchie County at least three (3) days prior to such meeting. Minutes of all meetings shall be available to and open to inspection by the public at the principal offices of the Corporation during normal business hours.

Article VI. Officers.

Section 1. Number. The officers of the Corporation shall be the President, Vice President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors from its members. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors. If the election of officers is not held at such annual meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. The President. The President shall be the principal executive officer of the Corporation. Subject to the control of the Board of Directors, the President shall, in general, supervise and control all of the business and affairs of the Corporation. The President shall serve as Chairman of the Board of Directors and, when present, preside at all meetings of the Board

of Directors. The President may sign, individually, or with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments for the Corporation, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. The Vice President. The Vice President shall, in the absence of the President or in the event of the President's death, inability or refusal to act, perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 6. The Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose and shall mail a copy of all minutes to each Member Municipality and to the Ritchie County Commission; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized; (d) have general charge of the record books of the Corporation; and (e) in general perform all

duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 7. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; (b) receive and give receipts of monies due and payable to the Corporation from any source whatsoever and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors or authorized officers; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Article VII. Contracts, Loans, Checks and Deposits.

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution approved by the Board of Directors. No loan shall be made by the Corporation to any director or officer.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed

by such officer or offices, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 5. Contributions. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

Article VIII. Indemnity.

Through the purchase of insurance or to the extent of funds available therefore, the Corporation shall indemnify any person including a Member Municipality who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such municipality is a member or because he or she is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, taxes, and penalties and interest thereon, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed

to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonable believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, that such person did have reasonable cause to believe that his or her conduct was unlawful.

To the extent that a Member Municipality, a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action or proceeding referred to above, or in defense of any claim, issue, or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Any indemnification under the above provisions (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the municipality, director, or officer or other person, is proper in the circumstances because he or she has met the applicable standard of conduct set forth in subsection above. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors directed by independent legal counsel in a written opinion.

Expenses (including attorneys' fees) incurred in defending a civil or criminal action or proceeding may be paid by the Corporation in advance of the final disposition of such action or proceeding as authorized in the manner provided above upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this section.

Article IX. Regulations and Permits.

The Corporation shall operate its facilities in accordance with all applicable laws, statutes and regulations and shall obtain all necessary permits, consents, approvals and licenses.

Article X. Seal.

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, the state, and year of incorporation, and the words "Corporate Seal", but the board may adopt a different seal from time to time.

Article XI. Waiver of Notice.

Whenever any notice is required to be given to any director of the Corporation under the provisions of these Bylaws or under the provisions of the articles of incorporation or under the

provisions of law, a waiver thereof in writing, signed by the director entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article XII. Powers and Duties of Corporation

In addition to the powers and duties conferred upon the Corporation by SB 36, the Corporation shall be entitled to the following powers and duties:

- a. The power to hire employees and independent contractors (including engineers, operators accountants, lawyers, consultants and advisors) and to determine the compensation and scope of duties and responsibilities for such persons;
- b. To establish a budget for the operation of the Corporation and to establish a Master Tariff of rates for the sale of water;
- c. To receive by deed, bill of sale, contract, assignment or other conveyance such assets and property as shall constitute the facilities needed to fulfill the purposes for which the Corporation shall have no responsibility for nor any interest in any such property or assets until the Board of Directors, by appropriate resolution, consents and agrees to the acceptance of such property and assets;

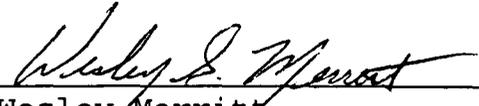
- d. To enter into water purchase agreements with each Member Municipality or any other suitable purchaser approved by the Board of Directors;
- e. To purchase and obtain appropriate insurance coverage to protect the assets and operations of the Corporation;
- f. To adopt and amend from time to time bylaws and policies for the Corporation;
- g. To enter into appropriate agreements with federal, state or local authorities relating to the operation of the assets and property of the Corporation; and
- h. To take any other action reasonably necessary to accomplish the purposes for which the Corporation has been formed.

Article XIII. Amendments.

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

Approved and effective as of the date of last appearing below.

Date: 12-15, 1999



Wesley Merritt,
Pennsboro Director

Date: DEC. 13, 1999

Alan R. Haught
Alan R. Haught,
Harrisville Director

Date: December 13, 1999

Wilsie Sandy
Wilsie Sandy,
Cairo Director

State of West Virginia
Ritchie County:

I, Donna Rae Mullenix, Secretary of the Hughes River Water Board,
County and State aforesaid, do certify that the foregoing is a copy
of the ^{15th} October 2007 Minutes of the Hughes River Water Board
on record in my office in the Harrisville Municipal Building, 1501
East Main Street, Harrisville, West Virginia, 26362

Given under my hand and seal of the said Hughes River Water Board
this 2nd day of May, 2008.



Corporate Secretary, Hughes River Water Board

**HUGHES RIVER WATER BOARD
OCTOBER 15, 2007**

The Hughes River Water Board met in regular session, Monday, October 15, 2007, at 6:30 pm, at the water plant. Attending were; Alan R. Haught, Pres. and Wes Merritt, V. Pres. also Donna Rae Mullenix, Jim Props and Eric Shoemaker. (Gary Haugh was not present)

The president, Alan Haught, called the meeting to order and the minutes of the September meeting were approved as presented upon motion of Merritt, seconded by Haught and carrying by unanimous vote.

Operator's Report: Submitted written and included maintenance work completed and jobs to be completed. It also listed items and maint. that was needed according to priority.

New Business:

Gary Haugh Resignation Letter, dated October 9, 2007, was read by the secretary. Merritt moved to accept the resignation, Haught seconded the motion which carried by unanimous vote. **The Town of Cairo will be notified of the vacancy.** Gary Haugh was a former mayor of Cairo while he was on the board. Haugh also served as "treasurer" of the HRWB for the sole purpose of being the second signature on the checks, with Alan Haught being the first signature. Haught moved that Wes Merritt, V. Pres., serve as the treasurer for the purpose of signing the checks. Merritt seconded the motion which also carried. The bank will be notified of the change.

Service of Equipment; a letter was received from C.I. Thornburg stating that they will no longer do parts or repair of existing equipment and the company suggested upgrading our system. Hach also expressed the same. Haught noted that he would check with the engineers and contact the attorney about the matter.

Old Business: none presented

Bills: Merritt moved to allow payment of the invoices as presented, Haught seconded the motion which carried by unanimous vote.

Comments and/or Requests:

Eric noted that the State was changing the O.I.T. (Operator In Training) age requirement to sixteen (16) years by waiver. He asked if the board had any objection to him pursuing Vocational School Training for same. No objections were presented by the board.

Next Meeting will be Monday, November 12, 2007, at 6:30 pm at the water plant.

Merritt moved to adjourn, Haught seconded the motion.

The meeting adjourned at 7:10 pm.



Corporate Secretary

President

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 15, 2008

FINAL

9/23/2008

Per Commission
Order Waiving the
Exception Period

CASE NO. 08-0984-W-CN

HUGHES RIVER WATER BOARD

a municipal utility, Harrisville, Ritchie County.

Application for a certificate of convenience and necessity to construct and operate sludge dewatering facilities at the water treatment plant currently operated by the Hughes River Water Board in Ritchie County.

RECOMMENDED DECISION

On June 11, 2008, the Hughes River Water Board (Utility) filed an application for a certificate of convenience and necessity to construct sludge dewatering facilities at its water treatment plant.

On June 11, 2008, the Commission ordered the Utility to publish notice of its filing in Ritchie County. The Utility returned an affidavit of publication on June 26, 2008, indicating that it had properly published notice of its application. On June 18, 2008, the Utility filed return receipt cards indicating that it properly mailed notice of its application to its resale customers. There have been no protests filed pursuant to the notice.

On June 25, 2008, the Commission referred the matter. The decision due deadline is January 7, 2009.

On July 23, 2008, the Utility requested expedited treatment of its application.

On September 9, 2008, Staff recommended that the certificate be granted. Staff did reduce the recommended increase in the Utility's rates from the requested 19% to 14%.

On September 11, 2008, the Utility indicated that it concurred with the Staff recommendation and requested that a final order be issued as soon as possible.

FINDINGS OF FACT

1. On June 11, 2008, the Utility filed an application for a certificate of convenience and necessity to construct sludge dewatering facilities at its water treatment plant. (See application).

2. The Utility provides water to three customers, the Town of Harrisville, the City of Pennsboro and the Town of Cairo. (See application).

3. The proposed project will include a 50,000-gallon sludge storage tank, a sludge belt filter press, a 50-gallon per minute effluent pump station and 1,500 feet of 3-inch force main. (See application).

4. The Utility has been operating its treatment plant since 2002 drawing its raw water from a manmade lake. Since its inception, the plant has had inadequate sludge-removing equipment resulting in a build-up of solids in the dual-train flocculation sedimentation unit. (See Staff filing of September 9, 2008).

5. The Utility is currently removing sludge with a sludge-bagging system and portable belt filter press on an emergency basis. (Id.).

6. The proposed sludge-handling equipment is designed to meet future sludge removal needs based on the assumed future demand of 675,000 gallons a day. The Utility currently produces 500,000 gallons of water a day. (Id.).

7. The project is estimated to cost \$682,000, including \$551,000 for construction. (Id.).

8. The Utility proposes financing the project through a Rural Utility Service (RUS) grant in the amount of \$272,000 and an RUS loan in the amount of \$410,000 over 40 years at 4.125% interest rate with the first two years being interest-only payments. The Utility has commitment letters for its financing. (Id.).

9. The engineering costs of the project represent 11.7% of the total cost and 15.3% of the construction cost. (Id.).

10. Operation and maintenance (O&M) costs for the Utility are expected to increase by \$11,292 as a result of the project. (Id.).

11. The West Virginia Office of Environmental Health Services has approved the project, issuing Permit No. 17,852. (Id.).

12. The Utility has applied for all other necessary permits. (Id.).

13. The plans and specifications do not conflict with the Commission's rules and regulations. (Id.).

14. The Utility properly looked at various alternatives and it selected the appropriate option. (Id.).

15. The project is needed to adequately remove sludge from the intake water to allow proper treatment and continuous supply of potable water to the Utility's customers. (Id.).

16. The Utility proposed a 19.74% increase in its rates to fund the project. Staff believes the Utility overstated the expected O&M increase and recommended a 14% increase in the Utility's rates. (See Staff filing of September 9, 2008).

18. The current rate for the Utility's customers is \$1.57 per 1,000 gallons. At the Staff-recommended level, the rate would be \$1.79 per 1,000 gallons. (Id.).

19. The Staff-recommended rates will increase revenue by approximately \$34,806 to cover \$11,292 of increased O&M, \$21,408 of increased debt service and \$2,141 of increased debt reserve. The Staff-recommended rates should provide the Utility with a cash flow surplus of \$12,397 and a debt service coverage of 167.91%. (Id.).

20. The Utility has agreed with the Staff recommendation, including its recommended rates. (See filing of September 11, 2008).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.
2. The proposed financing is reasonable and should be approved.
3. The application for a certificate of convenience and necessity should be granted to the Utility without a hearing.
4. The rates proposed by Staff are reasonable, just, based primarily on the cost of providing service and should be adopted for use by the Utility upon substantial completion of the project.

ORDER

IT IS, THEREFORE, ORDERED that the Hughes River Water Board be, and hereby is, granted a certificate of convenience and necessity to construct and operate sludge dewatering facilities for its water treatment plant as described in its application filed with the Commission on June 11, 2008. The cost of the approved project shall not exceed \$682,000. Approval is contingent upon the Utility obtaining all necessary state and federal permits before construction.

IT IS FURTHER ORDERED that the proposed financing, consisting of a grant from the Rural Utility Service in the amount of \$272,000 and a loan from the Rural Utility Service in the amount of \$410,000 for 40 years at 4.125% interest, with the first 24 months payments consisting of interest only, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there are any changes in the plans, financing or scope of the project, the Utility must seek Commission approval of those changes. If any changes in project cost result in a modification of rates, the Utility must seek Commission approval of such changes. If project-related rates remain unchanged, but the project costs change, the Utility must file an affidavit executed by a certified

public accountant verifying that the modifications to the project will not impact the necessary rates and charges.

IT IS FURTHER ORDERED that the Utility provide a copy of the engineer's certificate bid tabulation for all contracts awarded on this project with the Commission as soon as they are available.

IT IS FURTHER ORDERED that the Utility submit a copy of the certificate of substantial completion issued for each construction contract associated with the project with the Commission as soon as they are available.

IT IS FURTHER ORDERED that the Utility comply with all rules and regulations of the Division of Highways regarding the use of Division of Highways' rights-of-ways, if any are used.

IT IS FURTHER ORDERED that the rates attached as Appendix A, be, and hereby are, approved for use by the Hughes River Water Board for all service rendered on and after the date of substantial completion of the project.

IT IS FURTHER ORDERED that the Executive Secretary remove this matter from the open docket.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary 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, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed by the Commission.

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



Keith A. George
Administrative Law Judge

KAG:kkp
080984a.wpd

HUGHES RIVER WATER BOARD
CASE NO. 08-0984-W-CN

APPROVED RATES

APPLICABILITY

Applicable to the bulk rate to be charged to the City of Pennsboro, the Town of Harrisville and the Town of Cairo.

AVAILABILITY OF SERVICE

Available for bulk sales to the City of Pennsboro, the Town of Harrisville and the Town of Cairo.

RATE OF RESALE

\$1.79 per 1,000 gallons

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.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

RECEIVED
08 DEC - 8 PM 2: 20
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

CASE NO. 08 - 0984 - W - CN

HUGHES RIVER WATER BOARD
Harrisville, West Virginia

State of West Virginia
County of Ritchie, to wit:

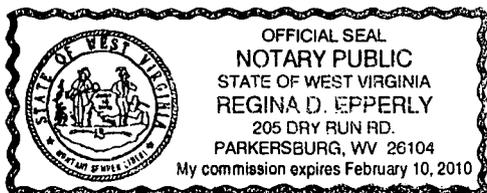
AFFIDAVIT

I, Edward R. Cokeley, CPA, after making an oath of affirmation to tell the truth, say that I have reviewed the information contained in the Rule 42 exhibit, in Case No. 08 - 0984 - W - CN, and additional information provided to me by the Hughes River Water Board and Manning Frymier, PE of Cerrone & Associates, Inc. (Hughes River Water Board's Consulting Engineer), relating to the proposed water project. Upon review of the additional information provided regarding the project costs/bid overage of \$128,000, and based on all the information that has been provided, to date, it is my opinion that the rates and charges will be sufficient to provide revenues which, together with other revenues of the system and anticipated cost savings of the project, will allow for me to provide the CPA Certification of the water rates as currently provided by the Public Service Commission to allow the project's financial closings to proceed.



Edward R. Cokeley, CPA

This Affidavit was sworn to or affirmed before me this 5th day of December,
2008.





Notary Public

**AN ORDINANCE OF THE COUNCIL OF THE TOWN OF HARRISVILLE
ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED PENALTY
CHARGES FOR WATER SERVICE FOR CUSTOMERS OF THE WATER SYSTEM OF
THE TOWN OF HARRISVILLE, RITCHIE COUNTY, WEST VIRGINIA**

WHEREAS, the Town of Harrisville, Ritchie County, West Virginia, at the present operates a municipal water system in accordance with the provisions of Section 1 of Article 19 of Chapter 8 of the Code of West Virginia 1931, as amended; and,

WHEREAS, the Council of the said Town of Harrisville, has determined that the rates presently being charged for water service from said municipal water system are not adequate to defray the total cost of operation thereof; and,

WHEREAS, the Council of the said Town of Harrisville, being the governing body thereof, determines that the schedule of charges set forth in this ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the cost of providing services; now, therefore,

BE IT ORDAINED by the Council of the Town of Harrisville, as follows:

ARTICLE I: Statutory Authority, Findings and Determinations

SECTION 1. This ordinance is enacted pursuant to the provisions and requirements of Section 13 of Article 13 of Chapter 8 of the Code of West Virginia of 1931, as amended, and all other applicable provisions of law.

SECTION 2. It is hereby found, determined and declared that the rates now in existence for the furnishing of water service are not adequate to pay for the cost of water for the Town of Harrisville, and operation and maintenance of water facilities, to provide an adequate depreciation fund and to make other payments which are required by ordinance and the hereinafter established

rates, charges and delay penalty charges are just, reasonable, applied without unjust discrimination or preference and based primary upon the cost of providing service.

ARTICLE II: Establishing and fixing rates, charges and delayed penalty charges for Water Service.

Ordinance Section 21-2 (c) of the Harrisville Municipal Code, passed on July 8, 2003, is hereby repealed and replaced with the following provisions, to-wit:

SECTION 1. The following rates, charges and delayed penalty charges shall be and there are hereby fixed and determined as the rates, charges and delayed penalty charges to be charged customers of the water system for the Town of Harrisville throughout the entire territory served.

SCHEDULE 1

SECTION 2. (a) **Applicability:** Applicable to all customers except those on the Route 31 Water Line Extension.

(b) **Availability of Service:** Available for residential and commercial purposes.

(c) **Rates:**

First	2,000 Gallons used per month	\$6.03 per thousand gallons
Next	4,000 Gallons used per month	\$4.95 per thousand gallons
Next	4,000 Gallons used per month	\$3.81 per thousand gallons
Next	10,000 Gallons used per month	\$3.05 per thousand gallons
Over	20,000 Gallons used per month	\$2.31 per thousand gallons

1. **Minimum Charge:** No bill will be rendered for metered service for less than the following amounts, according to the size of meter installed.

5/8" x 3/4" meter	\$12.06 per month
3/4" meter	\$18.08 per month
1" meter	\$30.13 per month
1-1/2" meter	\$78.34 per month
2" meter	\$96.42 per month
3" meter	\$180.79 per month
4" meter	\$301.32 per month
6" meter	\$602.64 per month
8" meter	\$964.22 per month

2. **Tap Fee:** A Tap Fee of \$300.00 will be charged to all new customers requesting service.

3. **Delayed Payment Penalty:** On all current usage billings not paid within 20 days after the date of the bill, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

4. **Returned Check Fee:** The customer will pay a \$15.00 fee on any check returned for insufficient funds.

5. **Disconnection:** If any bill is not paid within 30 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of water service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the Town of Harrisville or the Mayor or any member of Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge shall be paid.

6. **Disconnect / Reconnect Charges:** There will be a fee of \$20.00 shutoff/turn on charge, payable in advance or at such time that service is reconnected. This reconnect will be in effect whenever the supply of water is turned off for violation of rules and regulations, non payment of bills, or fraudulent use of water by the customer.

7. **Multiple Occupancy:** The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for water service shall be the actual charge for water used according to the schedule set forth herein.

8. **Trailer Courts:** The operators of house trailer courts may require metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for water services to such house trailer court shall be the actual charge for water used according to the schedule set forth herein. House trailers, as used herein shall include both mobile and immobile units.

9. **Incremental Cost of Water:** A charge of \$1.57 shall be used when the customer's bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average.

10. **Disconnect/Reconnection Charges:** That there will be a fee of ten dollars (\$10.00) shut-off/turn-on charge, payable in advance or at such time that service is restored. This is for disconnection/reconnection requested by the customer.

SCHEDULE 2

Applicability: Applicable to all customers on the Route 31 Water Line Extension

Availability of Service: Available for residential and commercial purposes

Rates:

First	2,000 Gallons used per month	\$10.96 per thousand gallons
Next	4,000 Gallons used per month	\$9.77 per thousand gallons
Next	4,000 Gallons used per month	\$8.51 per thousand gallons
Next	10,000 Gallons used per month	\$7.68 per thousand gallons
Over	20,000 Gallons used per month	\$6.84 per thousand gallons

Minimum Charge:

No bill will be rendered for metered service for less than the following amounts, according to the size of meter installed.

5/8" x 3/4" meter	\$21.93 per month
3/4" meter	\$32.89 per month
1" meter	\$54.81 per month
1-1/2" meter	\$109.62 per month
2" meter	\$175.40 per month
3" meter	\$328.86 per month
4" meter	\$548.10 per month
6" meter	\$1,096.20 per month
8" meter	\$1,753.92 per month

Tap Fee: A Tap Fee of \$300.00 will be charged to all new customers requesting service.

Delayed Payment Penalty: On all accounts billings not paid within thirty (30) days after the date of the bill, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Returned Check Fee: The customer will pay a \$15.00 fee on any check returned for insufficient funds.

Disconnection: If any bill is not paid within thirty (30) days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of water service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the Town of Harrisville or the Mayor or any member of Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge shall be paid.

Disconnect/Reconnect Charges: There will be a fee of \$10.00 shutoff/turn on charge, payable in advance or at such time that service is reconnected. This reconnect charge will be in effect whenever the supply of water is turned off for violation of rules and regulations, non payment of bills, or fraudulent use of water by the customer.

Multiple Occupancy: The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for water service shall be the actual charge for water used according to the schedule set forth herein.

Trailer Courts: The operators of house trailer courts may require metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for water services to such house trailer court shall be the actual charge for water used according to the schedule set forth herein. House trailers, as used herein shall include both mobile and immobile units.

Incremental Cost of Water: A charge of \$1.57 shall be used when the customer's bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average.

SECTION 3. That the rate or schedule, charges or delayed payment charges established and affixed herein shall be effective for all water services provided after April 15, 2006.

SECTION 4. All ordinance, resolutions, or orders or parts thereof in conflict with the provision of this ordinance are, to the extent of such conflict, hereby repealed effective on the 15th day of April, 2006.

SECTION 5. The Mayor of the Town of Harrisville is hereby authorized and directed to have prepared and filed with the Public Service Commission of West Virginia, the water service rate as herein ordained and to perform all acts required by the statutes and the Laws of the State and the Rules and Regulations of the Public Service Commission of West Virginia pertaining to municipal water rights.

SECTION 6. The Clerk is hereby authorized and directed to make monthly bills to all customers of the water system in accordance with the schedule of rates set forth herein for water service provided after April 15, 2006.

SECTION 7. If any provisions hereof shall be invalidated by any Court or regulatory agency having jurisdiction, such provision shall be severable and the remainder of this ordinance

shall remain in full force and effect until such court or agency finds that the purposes hereof would be substantially frustrated by such severance.

DATE OF FIRST READING: January 10, 2006

ACTION OF FIRST READING: _____

DATE OF SECOND READING: February 14, 2006

ACTION OF SECOND READING: _____

ALAN R. HAUGHT
Mayor of the Town of Harrisville

APPENDIX A

TOWN OF CAIRO
CASE NO. 01-0764-W-MA
APPROVED RATES

APPLICABILITY

This schedule shall apply to service in the entire territory served by the water works system of the Town of Cairo.

AVAILABILITY OF SERVICE

All water customers served by the water works system of the Town of Cairo, whether for general domestic, commercial or industrial purposes, shall pay rates in accordance with the following schedule.

RATES

First	2,000 gallons used per month	\$7.80 per 1,000 gallons
Next	3,000 gallons used per month	\$7.36 per 1,000 gallons
Next	5,000 gallons used per month	\$6.90 per 1,000 gallons
Next	10,000 gallons used per month	\$6.45 per 1,000 gallons
Next	30,000 gallons used per month	\$6.20 per 1,000 gallons
All Over	50,000 gallons used per month	\$5.84 per 1,000 gallons

MINIMUM CHARGE

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

5/8-inch meter	\$ 15.60
3/4-inch meter	\$ 23.40
1-inch meter	\$ 39.00
1-1/2-inch meter	\$ 56.95
2-inch meter	\$ 78.00
3-inch meter	\$124.80
4-inch meter	\$234.00
6-inch meter	\$390.00
8-inch meter	\$780.00

METER CHARGE - \$250.00

DELAYED PAYMENT PENALTY

The above tariff is net. All accounts not paid in full within 20 days from and after the date of mailing of monthly bills therefore shall have added to the net amount shown a delayed payment penalty of 10% of the amount of such bill.

RECONNECTION FEE - \$10.00

INCREMENTAL LEAK ADJUSTMENT

\$0.71 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate is to be used to calculate consumption above the customer's historical average usage.

**AN ORDINANCE OF THE COUNCIL OF THE TOWN OF CAIRO
ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED
PENALTY CHARGES FOR WATER SERVICE FOR CONSUMERS OF THE
WATER WORKS SYSTEM OF THE TOWN OF CAIRO, RITCHIE COUNTY,
WEST VIRGINIA.**

WHEREAS, the Town of Cairo, West Virginia, at present operates a Municipal Water Works System in accordance with the provisions of Section 1 of Article 19 of Chapter 8 with the Code of West Virginia of 1931, as amended; and

WHEREAS; the Council of the said Town of Cairo has determined that the rates at the present being charged for water service from such municipal water works system would not be adequate to defray the costs of operation thereof when contemplated additions thereto are made; and

WHEREAS, the Council of the Town of Cairo, being the governing body thereof, determines that the schedule of charges set forth of the ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the costs of providing water service; now, therefore,

BE IT ORDAINED by the Council of the Town of Cairo as follows:

ARTICLE I - Statutory Authority, Findings and Determinations.

Section 1. This ordinance is enacted pursuant to the provisions and requirements of Section 13 of Article 13 of Chapter 8 of the Code of West Virginia of 1931, as amended, and all other applicable provisions of law.

Section 2. It is hereby found, determined and declare as follows:

That the rates now in existence for the furnishing of water service are not sufficient to provide for the repair, maintenance and operation of the expanded water works system now contemplated, to provide an adequate depreciation fund and to make other payments which are required by ordinance and the hereinafter established rates, charges and delayed penalty charges are just, reasonable, applied without unjust discrimination or preference and based primarily upon the costs of providing water service.

ARTICLE II - Establishing and fixing rates , charges and delayed penalty charges.

Section 1. The following rates, charges and delayed penalty charges shall be, and they are hereby fixed and determined as the rates, charges and delayed penalty charges to be charged to consumers of the water works system of the Town of Cairo throughout the entire territory served.

Section 2. Schedules:

- a. **Applicability** - This schedule shall apply to service in the entire territory served by the water works of the Town of Cairo.
- b. **Availability of service** - All water customers served by the water works system of the Town of Cairo, whether for general domestic , commercial or industrial purposes, shall pay rates in accordance with the schedule established herein.

c. **Rates** -

(i) **Usage charge:**

- (A) Upon the first 2,000 gallons of water consumed per month, a charge of \$15.60
- (B) Upon the next 3,000 gallons of water consumed per month, a charge of \$7.36 per thousand gallons or any part thereof;
- (C) Upon the next 5,000 gallons of water consumed per month, a charge of \$6.90 per thousand gallons or any part thereof;
- (D) Upon the next 10,000 gallons of water consumed per month, a charge of \$6.45 per thousand gallons or any part thereof;
- (E) Upon the next 30,000 gallons of water consumed per month, a charge of \$6.20 per thousand gallons, or any part thereof;
- (F) Upon all water in excess of 50,000 gallons of water consumed per month, a charge of \$5.84 per thousand gallons, or any part thereof.

(ii) **Meter Charge:** All customers not at present served by the water works system of the Town of Cairo shall, as a condition to being connected to such system, pay a meter charge of \$250.00.

- d. **Delayed payment penalty** - The above tariff is net. All accounts not paid in full within 20 days from the date of mailing of monthly bills therefore shall have added to the net amount shown a delayed payment penalty of 10% of the amount of such bill.

Amended 12-15-04
[REDACTED] Any bill is not paid within 60 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before discontinuation of water service, a notice of discontinuation shall be personally served upon the customer by any policeman of the Town of Cairo or the Mayor or any member of Council or the Recorder, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge of ~~\$10.00~~ shall be paid. *Amended 12-15-04 to 20.00*

- f. Multiple occupancy - On apartment buildings or other multiple occupancy buildings, bills will be rendered based upon each family or business located therein shall have a separate meter serving such family or business. Under no circumstances, however, may more than one living unit in the same structure be connected to the same meter.
- g. Trailer courts - The operators of house trailer courts may require separate metering for each sit upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for of either (i) the product obtained by multiplying the minimum bill per customer of \$10.00 times the number of units situated on the court site at the time the meter is read, or (ii) the actual charged for water used according to the schedule set forth herein. House trailers, as used herein, shall include both mobile or immobile units. House trailers, either mobile or immobile, located on sites other than a part of a house trailer court shall be billed in the same manner as may other family or business unit.

Section 3. That the schedule of rates, charges and delayed payment charges established and fixed herein shall be effective for all water service provided after the effective date hereof, as provided by Section 8, below.

Section 4. All ordinances, resolutions, or orders or parts thereof in conflict with the provision of the ordinance are, to the extent of such conflict, hereby repealed on the date these rates become effective under Section 3, above.

Section 5. The Mayor of the Town of Cairo is hereby authorized and directed to have prepared and filed with the Public Service Commission of West Virginia pertaining to municipal water works system rates.

Section 6. The recorder is hereby authorized and directed to make monthly billings to all customers of the water works system in accordance with the schedule of rates set forth herein for water service provided after the effective date of these rates as provided by Section 3 above.

Section 7. If any provision hereof shall be invalidated by any Court or regulatory agency having jurisdiction, such shall be severable and the remainder of this ordinance shall remain in full force and effect unless such Court or agency finds that the purpose hereof would be substantially frustrated by such severance.

Section 8. The rates provide for water services in Section 2, above, and the repealer of prior ordinances provided for in Section 4, above, shall be effective on the 29th (Day) of October, 2001.



Gary S. Haugh, Mayor

AN ORDINANCE TO AMEND SECTION II, ARTICLE II, E OF THE MUNICIPAL CODE OF THE TOWN OF CAIRO ESTABLISHING AND FIXING RATES, CHARGES, AND DELAYED PENALTY CHARGES FOR WATER SERVICE FOR CONSUMERS OF THE WATER WORKS SYSTEM OF THE TOWN OF CAIRO, RITCHIE COUNTY, WEST VIRGINIA.

WHEREAS, the Town of Cairo, West Virginia, at present operates a Municipal Water Works System in accordance with the provisions of Section I of Article 19 Chapter 8 with the Code of West Virginia of 1931, as amended; and

WHEREAS, the Council of the Town of Cairo, being the governing body thereof, determines that the schedule of charges set forth of the ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the costs of providing water service; now therefore,

BE IT ORDAINED by the Council of the Town of Cairo as follows:

Section II, Article II, E Disconnection: If any bill is not paid within 30 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before discontinuation of water service, a notice of discontinuation shall be personally served upon the customer by any policeman of the Town of Cairo or the Mayor or the Recorder or any member of the Council, or the same shall be posted in a prominent place upon premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge of \$20.00 shall be paid.

First Reading Approved: October 5, 2004

Second Reading Approved: December 15, 2004

Signed: _____

Harry J. Haugh

**A POLICY OF THE COUNCIL OF THE TOWN OF CAIRO ESTABLISHING
SECURITY DEPOSIT CHARGES FOR WATER SERVICE FOR CONSUMERS
OF THE WATER WORKS SYSTEM OF THE TOWN OF CAIRO, RITCHIE
COUNTY, WEST VIRGINIA.**

**The Council of the Town of Cairo hereby agrees to officially adopt this policy
establishing a \$50.00 required security deposit payment to be made by all new
applicants for water service provided by the Town of Cairo Water Works System.**

**The Town of Cairo Water Works System shall not be bound to supply water service
until a written application is filed and the required security deposit is paid.**

**The Council of the Town of Cairo determines that the requirements and security
deposit charges set forth are just, reasonable, applied without discrimination or
preference and in accordance with the rules and regulations of the West Virginia
Public Service Commission.**

Effective: 8-3-04

Signed: Gary S. Haugh
Gary S. Haugh, Mayor

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF PENNSBORO
ESTABLISHING AND FIXING RATES, CHARGES AND DELAYED
PENALTY CHARGES FOR WATER SERVICE FOR CONSUMERS
OF THE WATER WORKS SYSTEM OF
THE CITY OF PENNSBORO, RITCHIE COUNTY, WEST VIRGINIA**

WHEREAS, the City of Pennsboro, West Virginia, at present operates a Municipal Water Works System in accordance with the provisions of Section 1 of Article 19 of Chapter 8 with the Code of West Virginia of 1931, as amended; and

WHEREAS, the Council of the said City of Pennsboro has determined that the rates at present being charged for water service from such municipal water works system are not adequate to defray the costs of operation thereof; and

WHEREAS, the Council of the City of Pennsboro, being the governing body thereof, determines that the schedule of charges set forth on this ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the costs of providing such service; now, therefore,

BE IT ORDAINED by the Council of the City of Pennsboro as follows:

ARTICLE I - Statutory Authority, Findings and Determinations.

Section 1. This ordinance is enacted pursuant to the provisions and requirements of Section 4(a)(2) of Article 11 of Chapter 8 of the Code of West Virginia of 1931, as amended, and all other applicable provisions of law.

Section 2. It is hereby found, determined and declared as follows:

That the rates now in existence for the furnishing of water service are not sufficient to provide for the repair, maintenance and operation of the water works system to provide an adequate depreciation fund and to make other payments which are required by ordinance and the hereinafter established rates, charges and delayed penalty charges are just, reasonably applied without unjust discrimination or preference and based primarily upon the costs of providing service.

ARTICLE II - Establishing and Fixing Rates, Charges
and Delayed Penalty Charges for Water Service.

Section 11-17 of The Pennsboro Municipal Code are hereby repealed and replaced with the following provisions, to-wit:

Section 11-17.1. The following rates, charges and delayed penalty charges shall be, and they are hereby, fixed and determined as the rates, charges to be charged to consumers of the water works system of the City of Pennsboro throughout the entire territory served.

Section 11-17.2. Schedules:

a. Applicability - This schedule shall apply to service in the entire territory served by the water works system of the City of Pennsboro.

b. Availability of Service - All water consumers served by the water works system of the City of Pennsboro, whether for general domestic, commercial or industrial purposes, shall pay rates in accordance with the schedule established herein.

c. Rates -

(i) Usage charges:

(A) Upon the first Two Thousand (2,000) gallons of water consumed per month, a charge of Fourteen and forty hundredths Dollars (\$14.40).

(B) Upon the next three thousand (3,000) gallons of water consumed per month, a charge of Six and eighty hundredths Dollars (\$6.80) per thousand gallons.

(C) Upon the next five thousand (5,000) gallons of water consumed per month, a charge of Five and forty-four hundredths Dollars (\$5.44) per thousand gallons.

(D) Upon all water in excess of ten thousand (10,000) gallons of water consumed per month, a charge of Four Dollars (\$4.00) per thousand gallons.

(ii) Meter Charge: All customers not at present served by the water works system of the City of Pennsboro shall, as a condition to being connected to such system,

pay a meter charge of Two Hundred Fifty Dollars (\$250.00), or Fifty Dollars (\$50.00) in excess of the actual cost of the meter set, whichever sum is greater.

(iii) Minimum Bills: All customers shall pay a minimum monthly bill based on the size of meter, as follows:

5/8" x 3/4" meter	\$ 14.40 per month
1" meter	36.00 per month
1-1/2" meter	72.00 per month
2" meter	115.20 per month
3" meter	216.00 per month
4" meter	360.00 per month
6" meter	720.00 per month
8" meter	1,152.00 per month

d. Delayed Payment Penalty - The above tariff is net. All accounts not paid in full with twenty (20) days from and after the date of mailing of monthly bills therefor shall have added to the net amount shown a delayed payment penalty of ten percent. (10%) of the amount of such bill.

e. Disconnection - If any bill is not paid within thirty (30) days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least ten (10) days before the discontinuation of water service, a notice of such discontinuation shall be mailed to the delinquent customer at his last address on record with the Clerk, by regular United States Mail, postage prepaid. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge of Twenty-Five Dollars (\$25.00) shall be paid. If the customer pays his or her delinquent bill to an employee of the City during the process of disconnection, to prevent disconnection, an additional charge of Twenty Dollars (\$20.00) shall be added to the delinquent balance and paid by the customer at that time, as a condition of maintaining continuous service.

f. Multiple Occupancy - On apartment buildings or other multiple occupancy buildings, bills will be rendered based upon each family or business located therein which shall have a separate meter serving such family or business. Under no circumstances, however, may more than one (1) living unit not in the same structure be connected to the same meter.

g. Trailer Courts - The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts

may be provided with a master meter, in which case the charge for water services to such house trailer court shall be the greater of either (i) the product obtained by multiplying the minimum bill per customer of Fourteen and forty hundredths Dollars (\$14.40) times the number of units situated on the court site at the time the meter is read, or (ii) the actual charge for water used according to the schedule set forth herein. House trailers, as used herein, shall include both mobile and immobile units. House trailers, either mobile or immobile, located on sites other than a part of house trailer court shall be billed in the same manner as any other family or business unit.

Section 11-17.3. That the schedule of rates charges and delayed payment charges established and fixed herein shall be effective for all new water service established after March 16, 2004, and for water service provided to existing customers effective March 16, 2004.

Section 11-17.4. All ordinances, resolutions or orders or parts thereof in conflict with the provision of this ordinance are to the extent of such conflict, hereby repealed effective October 16, 2003.

Section 11-17.5. That Mayor of the City of Pennsboro is hereby authorized and directed to have prepared and filed with the Public Service Commission of West Virginia the water service rates as herein ordained and to perform all acts required by the statutes and the laws of this state and the rules and regulations of the Public Service Commission of West Virginia pertaining to municipal water works system rates.

Section 11-17.6. The Clerk is hereby authorized and directed to make monthly billings to all customers of the water works system in accordance with the schedule of rates set forth herein beginning during the month of April, 2004, for water service provided after March 16, 2004.

Section 11-17.7. If any provision hereof shall be invalidated by any Court or regulatory agency having jurisdiction, such provision shall be severable and the remainder of this ordinance shall remain in full force and effect unless such Court or Agency finds that the purposes hereof would be substantially frustrated by such severance.

BE IT FURTHER ORDAINED that the Clerk shall cause notice of this ordinance to be published as a Class I legal advertisement in the form set forth on Exhibit A hereto, in compliance with the provisions of Article 3 of Chapter 59 of said Code in *The Pennsboro News*.

Date of First Reading: December 15, 2003

Action on First Reading: Adopted

Date of Second Reading: January 19, 2004

Action on Second Reading: Adopted

RECEIVED
UNITED STATES
SPECIAL STUDIES SECTION

Public Service Commission
of W. VA. Tariff Office

2005 JAN 14 AM 9:09

JAN 14 2005

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

Special Studies Section

P.S.C. W. Va. No. 7
Canceling P.S.C. W. Va. No. 6

ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT, a public utility

OF

ELLENBORO, WEST VIRGINIA

INTERIM

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at the Town of Ellenboro and adjacent area know as Lamberton, Ritchie County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued January 4, 2005

Effective for bills rendered on or after January 3, 2005
or as otherwise provided herein

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 04-1826-PWD-30B dated
January 3, 2005 or as otherwise provided herein

Issued by Ellenboro-Lamberton Public Service District, a public utility

By James H. Waters
CHAIRMAN

Title

(C) TAP FEE

A tap fee of \$250.000 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.

(C,I) LEAK ADJUSTMENT INCREMENT

\$2.27 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(C) Indicates change in text

(I) Indicates increase

(C) APPLICABILITY

Applicable within the entire territory served

(C) AVAILABILITY

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

(I) RATES

First	3,000 gallons used per month	\$4.81 per 1,000 gallons	$\times 3 = 14.43$
Next	7,000 gallons used per month	\$4.07 per 1,000 gallons	$\times 7 = 28.49$
All over	10,000 gallons used per month	\$2.83 per 1,000 gallons	$\underline{42.72}$

(C) MINIMUM CHARGE

No minimum bill will be rendered for less than the following based on meter size:

	5/8 inch meter		\$ 13.26 per month	14.43
1	- 1/2 inch meter	5 X MIN	\$ 66.30 per month	72.15 ?
2	inch meter	8 " "	\$ 106.10 per month	115.44
4	inch meter	25 " "	\$ 331.50 per month	360.75 ←

(N) The above minimum charge is subject to an additional \$0.39 per 1,000 gallons of water used per month.

(C) RECONNECTION

\$20.00

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

(C) 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.

(C) Indicates change in text

(I) Indicates increase

(N) Indicates new

ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT
(Water)

P.S.C. W.VA. Tariff No. 7
Original Sheet No. 1

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

Public Service Commission
Of West Virginia

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323



Phone: (304) 340-0300
FAX: (304) 340-0325

December 3, 2007

James H. Walters, Jr., Chairman,
Ellenboro-Lamberton Public Service District
PO Box 240
Harrisville, WV 26362

RE: Case No. 07-2282-PSWD-CN
Ellenboro-Lamberton Public Service District
Application for a Certificate of Convenience and Necessity to construct a sewer and
water extension to a new industrial/commercial development in Ritchie County.

Dear Mr. Walters:

Thank you for your above-styled application which been referred to the Commission and its Staff for processing. **Please reference the above case number on all future correspondence in this matter.**

Also enclosed is a copy of a Commission Order entered today which requires the Applicant to provide newspaper publication of the Notice of Filing one time in a newspaper certified by the Secretary of State to accept legal advertisements in the county of record. Please return the affidavit of publication to this office as soon thereafter as possible. **Note that in addition to the publication requirement, if rates are increased, the new rules require that you notify your resale customers by certified mail, return receipt requested.** Furthermore, whenever a utility seeks a rate increase in a certificate application, the utility shall, within thirty days of the date the Commission issues its Notice of Filing order, have completed the mailing of separate notice to each of its customers by one or a combination of the following methods: (1) inclusion of the Notice of Filing order as a bill insert; (2) separately mailing the Notice of Filing order; or (3) only for utilities that bill by postcard instead of in an envelope, and who elect not to separately mail the Notice of Filing order, inclusion of a statement on a postcard billing as follows: "This utility is seeking a rate increase. Detail available in newspaper publications or at the utility office after [utility to insert date application filed with this Commission] by calling [utility to insert utility office telephone number]." See Rule 10.3.d

General reminder - when you submit any additional documents - In addition to filing an original and 12 copies of all documents with the Commission, you are required to mail a copy to all other parties of record. We invite you to visit our Internet web site address at www.psc.state.wv.us.

Sincerely,

Sandra Squire
Executive Secretary

SS/s
enc order
newspaper list

THIS UTILITY IS SEEKING
A RATE INCREASE. SEE
NEWSPAPER 12/19/07 OR
CALL NUMBER ON BILL.

(87 SPACES)

072282sec120307.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 3rd day of December, 2007.

CASE NO. 07-2282-PSWD-CN

ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT

Post Office Box 240

Harrisville, WV 26362

Application for a certificate of convenience and necessity to construct a sewer and water extension to a new industrial/commercial development in Ritchie County.

NOTICE OF FILING

WHEREAS, on December 3, 2007, the Ellenboro-Lamberton Public Service District (District) filed an application, duly verified, for a Certificate to construct certain additions and improvements to the sewer and water system in Ritchie County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the District estimates that construction will cost approximately \$1,304,000.00. It is proposed that the construction will be financed as follows: an ARC Grant in the amount of \$1,043,000.00; and, a loan from the Mid-Ohio Valley Regional Council in the amount of \$261,000.00

WHEREAS, the utility anticipates charging the following sewer rates for its customers:

First 3,000 gallons per month	\$6.59 per 1,000 gallons
Next 7,000 gallons per month	\$5.44 per 1,000 gallons
Over 10,000 gallons per month	\$3.65 per 1,000 gallons

MINIMUM MONTHLY BILL

for metered customers will be \$19.76 per month
and for un-metered customers will be \$22.49 per month.

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the latest pay date, ten percent (10%) will be added to the net current amount unpaid. This delayed

payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

Prior to construction - \$300.00

After construction passes the premises to be served, charge for connection to system - \$ 300.00.

These rates represent the following project-related increases:

	(\$ INCREASE	(%) INCREASE
Residential	0	0%
Commercial	0	0%
Industrial	0	0%

Note: Tariffs from project customers are expected to cover project costs.

These rates represent the following non project-related increases:

	(\$ INCREASE	(%) INCREASE
Residential	\$13,127	35%
Commercial	\$ 5,283	35%
Industrial	\$11,507	35%

The Ellenboro-Lamberton PSD has no resale customers.

The proposed increased rates and charges will produce approximately \$30,217.00 annually in additional revenue, an increase of 35%.

WHEREAS, the utility anticipates charging the following water rates for its customers:

First 3,000 gallons per month	\$6.49 per 1,000 gallons
Next 7,000 gallons per month	\$5.49 per 1,000 gallons
All over 10,000 gallons per month	\$3.82 per 1,000 gallons

MINIMUM MONTHLY BILL is \$17.90 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the latest pay date, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

Prior to construction - \$300.00

After construction passes the premises to be served,
charge for connection to system - \$300.00.

These rates represent the following project-related increases:

	(\$) INCREASE	(%) INCREASE
Residential	0	0%
Commercial	0	0%
Industrial	0	0%

Note: The tariffs from project customers are expected to cover project costs.

These rates represent the following non project-related increases:

	(\$) INCREASE	(%) INCREASE
Residential	\$17,706	35%
Commercial	\$ 6,471	35%
Industrial	\$12,443	35%

The Ellenboro-Lamberton PSD has no resale customers.

The proposed increased rates and charges will produce approximately \$36,620 annually in additional revenue, an increase of 35%.

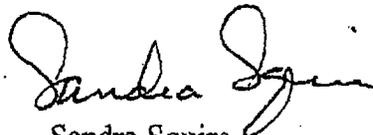
The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Ellenboro-Lamberton Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Ritchie County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston,

West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:



Sandra Squire
Executive Secretary

SS/s
072282s



Bond Counsel

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

November 3, 2008

Alan R. Haught, President
Hughes River Water Board
P.O. Box 243
Harrisville, WV 26362-0243

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Haught:

This letter, with Attachment No. 1 amends the letter of conditions dated April 23, 2007 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$410,000, a subsequent RUS loan in the amount of \$128,000, and an initial RUS grant in the amount of \$272,000 for a total project cost of \$810,000.

Subject to the requirements noted herein, all of the conditions of the April 23, 2007 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 3.625% interest rate and monthly amortization factor of .00405 which provides for a monthly payment of \$519.00 on the subsequent loan. The monthly payment for the initial \$410,000 loan is \$1,784.00 and the monthly payment for the subsequent \$128,000 loan is \$519.00, for a total loan of \$538,000 and a total monthly payment of \$2,303.
2. The bond for the \$128,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the \$410,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a \$538,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.
3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form 1940-1	“Request for Obligation of Funds”
RUS Bulletin 1780-27	“Loan Resolution”
Form RD 1942-46	“Letter of Intent to Meet Conditions”

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Board still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,



 RICKIE E. RICE
State Director

Enclosures

cc: Area Director, Parkersburg, WV
ATTN: RD Specialist

Cokeley & Associates PLLC
Harrisville, WV

Richard A. Hayhurst, Esquire
Parkersburg, WV

Jackson Kelly PLLC ✓
Charleston, WV

Cerrone Associates, Inc.
Wheeling, WV

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS SUB LOAN</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 118,000	\$ 213,200	\$ 306,800	\$ 638,000
CONST. CONTINGENCY		\$ 12,700	\$ 18,300	\$ 31,000
LEGAL FEES		\$ 2,000	\$ 3,000	\$ 5,000
BOND COUNSEL		\$ 6,100	\$ 8,900	\$ 15,000
ACCOUNTING	\$ 5,000			\$ 5,000
ENGINEERING FEES		\$ 32,800	\$ 47,200	\$ 80,000
Basic - \$44,000				
Insp. - \$33,000				
Special - \$3,000				
INTEREST	\$ 5,000		\$ 17,000	\$ 22,000
PROJECT CONTG.		\$ 5,200	\$ 8,800	\$ 14,000
TOTAL	\$ 128,000	\$ 272,000	\$ 410,000	\$ 810,000

Rates

Applicable to bulk rate to be charged to the City of Pennsboro, the Town of Harrisville, and the Town of Cairo.

\$1.79 per 1,000 gallons

Delayed Payment Penalty

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

Use and Income Analysis

<u>Bulk User</u>	<u>Annual Consumption</u>
Town of Harrisville	55,747 M Gallons
City of Pennsboro	87,476 M Gallons
Town of Cairo	18,751 M Gallons
Total	161,974 M Gallons
Current Rate	X \$ 1.57
	\$ 254,299
Correction Factor	0.97735
Per Books Revenue	\$ 248,539
Proposed Rate	X \$ 1.79
	\$289,933.46
Correction Factor	0.97735
Proposed Revenue	\$283,366

HUGHES RIVER WATER BOARD
OPERATING BUDGET

OPERATING INCOME

Water Sales	\$283,366	
Other Income	\$ 477	
TOTAL OPERATING INCOME		<u>\$ 283,843</u>

NON OPERATING INCOME

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

TOTAL INCOME

\$ 283,843

EXPENSES

O & M	\$241,924	
Taxes	\$ 6,019	
TOTAL EXPENSES		<u>\$ 247,943</u>

INCOME AVAILABLE FOR D/S

\$ 35,900

DEBT SERVICE

Proposed Bond P & I	\$ 21,408	
Proposed Sub. Bond P & I	\$ 6,228	
TOTAL DEBT SERVICE		<u>\$ 27,636</u>

DEBT SERVICE RESERVE

Debt Service Reserve	\$ 2,141	
Debt Service Reserve	\$ 623	
TOTAL DEBT SERVICE RESERVE		<u>\$ 2,764</u>

SURPLUS (DEFICIT)

\$ 5,500

DEBT COVERAGE

130%



United States Department of Agriculture
Rural Development
West Virginia State Office

April 23, 2007

Alan R. Haught, President
Hughes River Water Board
P.O. Box 243
Harrisville, WV 26362-0243

Dear Mr. Haught:

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 on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$410,000, an RUS grant in the amount of \$272,000 for a total project cost of \$682,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"

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

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Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

- Attachment No. 8 - Government Auditing Standards (Revision 2003) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 11 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.125% interest rate and a monthly amortization factor of .00435, which provides for a monthly payment of \$1,784. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and RD as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that there will be at least 3 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the Board's existing water system which is to be partially replaced by the new system; at the time you request authorization to advertise the project for construction bids.

Before 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 currently using the system.

4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. E-510, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. 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.
7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RD concurrence is obtained.

RD regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the Board. The attached booklets, "Government Auditing Standards (Revised 2003)" (Attachment No. 8), and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$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.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
- a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the Board 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 Board'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 Board has already acquired real property(s) (land or facilities), the Board's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- State Department of Health
- Department of Environmental Protection

10. 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 the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to an amount equal to the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RD once your project is in operation

will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:

- (1) EJCDC Document No. C-521, 2002 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, "Standard General Conditions of the Construction Contract - 2002 Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

- (2) "RUS Supplemental General Conditions."

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

- b. The contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the Board and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

- (3) Workers' Compensation - In accordance with applicable State laws.

- c. The contract documents and final plans and specifications must be submitted to RD for approval.

- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. 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.
14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of the Board, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

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

The Board 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 \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The Board must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

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

Form RD 1940-1 - "Request for Obligation of Funds"
 RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 Form RD 400-1 - "Equal Opportunity Agreement"
 Form RD 400-4 - "Assurance Agreement"
 Form AD 1047 - "Certification Regarding Debarment - Primary"
 Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 Certification of Compliance
 Form RD 1942-46, "Letter of Intent to Meet Conditions"

16. 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.

17. 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 bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RD project funds will be considered to be RD grant funds and refunded to RD. If the amount of unused RD project funds exceeds the RD grant, that part would be RD loan funds and would be applied as an extra payment toward the loan balance.

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 authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, 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 yours,

A handwritten signature in black ink, appearing to read 'R. Steptoe, III', with a large, sweeping flourish at the end.

ROBERT M. STEPTOE, III
State Director

Enclosures

cc: Rural Development Specialist
Parkersburg, WV

Richard A. Hayhurst, Esquire
Parkersburg, WV

Cerrone Associates, Inc.
Wheeling, WV

Bond Counsel

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 213,200	\$ 306,800	\$ 520,000
CONST. CONTINGENCY	\$ 12,700	\$ 18,300	\$ 31,000
LEGAL FEES	\$ 2,000	\$ 3,000	\$ 5,000
BOND COUNSEL	\$ 6,100	\$ 8,900	\$ 15,000
ENGINEERING FEES	\$ 32,800	\$ 47,200	\$ 80,000
Basic - \$44,000.			
Insp. - \$33,000			
Special - \$3,000			
INTEREST		\$ 17,000	\$ 17,000
PROJECT CONTG.	\$ 5,200	\$ 8,800	\$ 14,000
TOTAL	\$ 272,000	\$ 410,000	\$ 682,000

Rates

Applicable to to bulk rate to be charged to the City of Pennsboro, the Town of Harrisville, and the Town of Cairo.

\$1.88 per 1,000 gallons

Delayed Payment Penalty

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

Use and Income Analysis

<u>Bulk User</u>	<u>Annual Consumption</u>
Town of Harrisville	53,522 M Gallons
City of Pennsboro	79,788 M Gallons
Town of Cairo	14,049 M Gallons
Total	147,359 M Gallons
Current Rate	X \$ 1.57
	\$ 231,354
	Correction Factor 0.9978518
	Per Books Revenue \$ 230,857
Proposed Rate	X \$ 1.88
	\$277,034.92
	Correction Factor 0.9978518
	Proposed Revenue \$276,440

HUGHES RIVER WATER BOARD
OPERATING BUDGET

OPERATING INCOME

Water Sales	\$ 276,440	
Miscellaneous Service	\$ 844	
Other Income	\$ 279	
TOTAL OPERATING INCOME		<u>\$ 277,563</u>

NON OPERATING INCOME

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

TOTAL INCOME

\$ 277,563

EXPENSES

O & M	\$ 252,966	
TOTAL EXPENSES		<u>\$ 252,966</u>

INCOME AVAILABLE FOR D/S

\$ 24,597

DEBT SERVICE

Proposed Bond P & I	\$ 21,408	
TOTAL DEBT SERVICE		<u>\$ 21,408</u>

DEBT SERVICE RESERVE

Debt Service Reserve	\$ 2,141	
TOTAL DEBT SERVICE RESERVE		<u>\$ 2,141</u>

SURPLUS (DEFICIT)

\$ 1,048

DEBT COVERAGE

115%

**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			CPAP Form
	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	3
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant			1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
EJCDC No. E-510	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5
(NPA's Only)	Organizational Documents	1	1780.33(e)	Applicant/ Attorney		Have	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	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
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		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
	Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS		Have	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	3	1780.41(a)	RUS			1
CPAP Form	Underwriting Information	3	1780.33(h)	Applicant			3
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	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
	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

<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 Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	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
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
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



**United States Department of Agriculture
Rural Development
Parkersburg Area Office**

November 17, 2008

Alan R. Haught, President
Hughes River Water Board
P.O. Box 243
Harrisville, WV 26362-0243

Dear Mr. Haught:

The pre-closing for the Board's Rural Development (RD) loans will be held on December 16, 2008, at 10:00 AM at Town Hall in Harrisville, West Virginia. The contract documents will be signed immediately following the pre-closing. The official loan closing date for the Sludge Dewater Project will be December 18, 2008.

Reference is made to our Letter of Conditions dated April 23, 2007 and amended November 3, 2008. All of the requirements of these letters must be met and in addition, the loans must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The RD loan of \$410,000 will be closed utilizing an interest rate of 4.125%, resulting in a monthly payment of \$1,784. The RD loan of \$128,000 will be closed utilizing an interest rate of 3.625%, resulting in a monthly payment of \$519. The Board must establish a debt service reserve account at the West Virginia Municipal Bond Commission. This account must be funded on a monthly basis with an amount equal to 10% of the monthly payments until the equivalent of one annual installment on the loans is accumulated.

The following items should be submitted to our office as soon as possible but not later than December 9, 2008:

1. The Board's engineer must provide a resume of the proposed inspector(s).
2. The Board must provide a letter accepting the proposed inspector(s).
3. The Board's accountant must certify that the accounts and records as required by the Board's bond resolution have been established and are operational.
4. The Board must provide evidence that it has acquired insurance and bond coverage in accordance with Item 11 of the Letter of Conditions. The Board's position fidelity coverage must be increased to at least the amount of the estimated highest monthly construction drawdown. The additional premium for this coverage is an eligible project expense and may be reimbursed from project funds. Once construction is complete, the position fidelity coverage may be decreased to not less than the amount of one annual installment on your RD loans.

P.O. Box 303 Parkersburg, WV 26102-0303
Phone: (304) 420-6664 • Fax: (304) 420-6876 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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

5. The Board must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.
6. An advance copy of the first drawdown.

On the day of preclosing, the following documents must be provided:

1. The Board's attorney will need to provide Form RD 442-22 "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated December 18, 2008.
2. The Board's attorney must furnish a Form RD 1927-10 "Final Title Opinion," on all property owned by the Board in connection with the water system. A single final title opinion may be provided if it includes an attachment which adequately addresses each of the parcels identified in the preliminary title opinions. The opinion should be dated December 18, 2008.
3. The Board must furnish evidence that the West Virginia Public Service Commission has approved the project.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,



VIRGINIA M. McDONALD
Area Specialist

enclosure

cc: State Director
USDA Rural Development
Morgantown, WV

Manning Frymier, P.E.
Cerrone & Associates, Inc.
Wheeling, WV

Ryan White, Esquire
Jackson Kelly PLLC
Charleston, WV

Richard A. Hayhurst, Esquire
Parkersburg, WV

Edward R. Cokeley, CPA
Cokeley & Associates PLLC
Harrisville, WV

**CLOSING GUIDELINES FOR
COMMUNITY FACILITY LOANS TO PUBLIC BODIES**

At or before the closing for the financing, the following conditions must be satisfied:

1. **General Requirements.** There must be full compliance with all requirements specified in (a) applicable Farmers Home Administration Instructions, (b) correspondence from OGC, (c) any applicable correspondence from the Administrator's office, (d) FmHA letter of conditions, (e) clearinghouse comments, and (f) any state office memorandum of approval.
2. **Loan Resolution.** Confirm that the Applicant has duly adopted the fully executed Form FmHA 1942-47, Loan Resolution (Public Bodies).
3. **Grant Agreement.** In the event that a grant is also to be made to the Applicant, then the grant may be closed in accordance with FmHA Instructions provided that these Closing Instructions have also been complied with and duly authorized officials of the Applicant have fully executed Form FmHA 1942-31, Grant Agreement.
4. **Civil Rights.** Confirm that the following fully executed civil rights forms are in the docket:
 - a. Form RD 400-1, Equal Opportunity Agreement.
 - b. Form RD 400-4, Assurance Agreement.
 - c. Form FmHA 400-8, Compliance Review (Pre-loan closing).
5. **Environmental Impact.** Confirm that a completed and executed Environmental Impact Assessment, is in the docket. If the Assessment indicates that an Environmental Impact Statement must be filed, this must be accomplished prior to loan closing.
6. **Clearinghouse Comments.** Confirm that A-95 approvals have been received from both state and regional clearinghouses. Note any comments received and confirm that the Applicant intends to comply with such comments. If the Applicant expresses a contrary intention, the State Office should be notified immediately in detail. The State Office should consult OGC with respect to the legal ramification of any such noncompliance.
7. **Specimen Bond(s).** Prior to closing, confirm that the terms of the specimen bond(s) are consistent with FmHA Instructions, the FmHA Letter of Conditions and other obligating documents. Amortization schedules and maturity dates should be checked very carefully.
8. **Certification of Payment.** If FmHA loan proceeds will be used to retire interim indebtedness, the Applicant must provide FmHA with written statements in accordance with FmHA Instruction 1942-A, 1942.17(n)(2) [7 C.F.R. 1942.17].

9. **Examination of Executed Bond(s)**. The Rural Development Specialist should examine the executed original Bond(s) at the closing to determine the following:
 - a. That the repayment and other terms of the Bond(s) are consistent with the FmHA Letter of Conditions and obligating documents.
 - b. That the Bond(s) has been fully executed by the proper officials of the Applicant as recited on the face of the Bond(s).
 - c. That the persons executing the Bond(s) are officials of the Applicant as shown on the General Incumbency Certificate.
 - d. That the Applicant's seal is on the Bond(s).
 - e. That any authentication certificate contained on the Bond(s) has been properly executed.
 - f. That the Bond(s) is fully registered in the name of the United States of America/Farmers Home Administration.
 - g. That the place of payment shown on the face of the Bond is correct and administratively acceptable.
 - h. That the Bond(s) is dated the date of closing.
10. **Dates, Seals and Signatures**. All certifications and opinions furnished by the Applicant, Local Counsel or Bond Counsel should be dated as of the date of Loan Closing. Wherever appropriate, the seal of the Applicant should be impressed on materials being furnished by the Applicant. Bond transcript items "b," "i," "k," and "m" listed below should be manually-executed originals. For the remaining Bond transcript documents, an original manual attestation by the Applicant's Clerk or Secretary will suffice.
11. **Bond Transcript**. A bond transcript should be compiled by Bond Counsel in accordance with the requirements contained in FmHA Instructions 1942-A, 1942.19(c) [7 C.F.R. 1942.19]. Confirm that the bond transcript contains each of the following items:
 - a. Certified copies of all organizational documents, i.e., special acts, charter, by-laws.
 - b. General Incumbency Certificate (may sometimes be referred to as Signature Certificate).
 - c. Certified copies of minutes or excerpts therefrom of all meetings of the Applicant's governing body at which action was taken in connection with the authorization and issuance of the Bond(s).
 - d. Certified copies of documents evidencing that the Applicant has complied fully with all statutory requirements incident to the calling and holding of a favorable bond election unless Bond Counsel advises you this is not applicable.

- e. Certified documents evidencing that the Applicant has complied fully with all statutory requirements incident to advertising the consideration and/or adoption of the bond ordinance unless Bond Counsel advises you that this is not applicable.
- f. Certified copies of the resolutions or ordinances or other documents, such as the bond authorizing resolution or ordinance and any resolution establishing rates and regulating the use of the improvements, if such documents are not included in the minutes furnished.
- g. Copies of official Notice of Sale and Affidavit of Publication of Notice of Sale unless Bond Counsel advises you that this is not applicable.
- h. Specimen Bond (of each denomination), with any attached coupons.
- i. No Litigation Certificate of Local Counsel (See Item 12 below).
- j. Certified copies of resolutions or other documents pertaining to the award of the Bond(s).
- k. Non-Arbitrage Certificate.
- l. Any additional or supporting documents required by Bond Counsel.
- m. Preliminary approving opinion, if any, and final unqualified approving opinion of Bond Counsel, including opinion regarding interest on bonds being exempt from Federal and any State income taxes.

Any omissions from the Bond transcript should be supplied by the Rural Development Specialist with the assistance of the Applicant and Bond Counsel. Obviously, certain of the documents listed above will normally be delivered prior to the closing.

- 12. Attorney's No-Litigation Certificate. Local Counsel should deliver a manually-executed original attorney's no-litigation certificate dated the date of closing.
- 13. Evidence of Title. In all cases, confirm that Local Counsel has supplied FmHA with his or her title opinion regarding the sites for any project structures such as treatment plants and community buildings. The opinion should be on Form FmHA 1927-10 with any changes necessary to reflect the circumstances of this financing. In the case of utility-type financings, confirm that executed Form FmHA 442-21 and 442-22 concerning rights-of-way are also in the docket. Any title exceptions should either be removed prior to closing or be specifically cleared through OGC.
- 14. Additional Instructions. OGC will normally issue additional closing instructions on a case-by-case basis containing special requirements for specific loans. The District Director should review the Closing Instructions prepared by OGC relating to the specific case and close the loan in accordance with those instructions.

LOAN RESOLUTION
(Public Bodies)

COPY

A RESOLUTION OF THE _____ Board

OF THE _____ Hughes River Water Board

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water System

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the _____ Hughes River Water Board
(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

FOUR HUNDRED TEN THOUSAND AND XX / 100 DOLLARS (\$410,000.00)

pursuant to the provisions of _____ West Virginia Code, Article 13D _____ ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 272,000.00

under the terms offered by the Government; that President

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 2 Nays 0 Absent 1

IN WITNESS WHEREOF, the Board of the

Hughes River Water Board has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this May 14th day of May, 2007

Hughes River Water Board

By Alan R. Haught
Alan R. Haught

Title President

(SEAL)

Attest: Donna Rae Mullenix
Donna Rae Mullenix

Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Hughes River Water Board
 hereby certify that the Board of such Association is composed of
3 members, of whom, 2 constituting a quorum, were present at a meeting thereof duly called and
 held on the 14th day of May 2007; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of December 18, 2008,
 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 18th day of December 2008

Donna Rae Mullerix
 Donna Rae Mullerix

Title Secretary

LOAN RESOLUTION
(Public Bodies)

COPY
NOV 18 2008

A RESOLUTION OF THE _____ **Board**

OF THE _____ **Hughes River Water Board**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Water System

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the _____ **Hughes River Water Board**
(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

ONE HUNDRED TWENTY-EIGHT THOUSAND AND XX / 100 DOLLARS (\$128,000.00)

pursuant to the provisions of _____ **West Virginia Code, Article 13D** _____ ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that President

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of the Hughes River Water Board has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 10th day of November, 2008

Hughes River Water Board

By Alan R. Haught
 Title President

(SEAL)

Attest: Donna Rae Mullenix
 Donna Rae Mullenix
 Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Hughes River Water Board

hereby certify that the Board 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 10th day of November 2008; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of December 18, 2008,
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 18th day of December 2008



Donna Rae Mullenix

Title Secretary

State of West Virginia

Ritchie County ss:

Hughes River Water Board

I, Donna Rae Mullenix, Corporate Secretary of the Hughes River Water Board,
County and State aforesaid, do certify that the foregoing is a copy of Minutes on
record in my office in the Harrisville Municipal Building.

Given under my hand and seal of the said Hughes River Water Board this
18th day of November, 2008.

A handwritten signature in cursive script that reads "Donna Rae Mullenix". The signature is written in black ink and is positioned above the printed name.

Corporate Secretary

HUGHES RIVER WATER BOARD

MAY 14, 2007

The Hughes River Water Board met in regular session, Monday, May 14, 2007, at 7:30 pm at the water plant. Attending were: Alan R. Haught, Pres. and Wes Merritt, V. Pres. (Gary Haugh was absent) also Donna Rae Mullenix, Secretary, Jim Props and Eric Shoemaker.

The president called the meeting to order and the secretary read the minutes of the April 2007 meeting. Merritt moved the minutes be approved as read, Haught seconded the motion which carried by unanimous vote.

Fund Balance: submitted written, \$27,748.27

Operator's Report: submitted written and included, loading sludge on Skidmore truck and having two trips completed, booster stations working ok, Corrective maint. included installing new raw water throttling valve for turbidity flow into raw water turbidity meter. Preventive Maint. performed as required. Repairs needed; backwash flow control valve (PMV) required rebuilding. Anthracite ordered, picked by Simonton truck but not delivered at this time. Rae water Mag meter was ordered but has not been received at this time. Podium at the front door, was delivered. Eric was requesting reimbursement of \$50.00 for materials and supplies for the construction of the podium.

Old Business: the letter of conditions was received from RUS. There is a resolution for adopting the forms used in this project for the new sludge press. Merritt moved to adopt the resolution and authorize the president to sign the necessary documents for the project. Haught seconded the motion which carried by unanimous vote.

Martin Painting and Coating Co. completed the repainting of the roof and the president signed a release for same. Atty. Hayhurst will release the law suit filed against them.

WVRWA is forming an Emergency Response Team (RRT) president Haught said he would be willing to participate in the project. Merritt moved to notify RWA of the action.

It was noted that bond counsel would be needed for the project, Merritt moved to contact Jack & Kelley, Haught seconded the motion which carried by unanimous vote.

Merritt moved to contact Ed Cokeley to serve as the accountant of record for the sludge press project.

Monitoring Violation for Nitrate paperwork has been taken take of and certification will be sent to the proper authorities.

Haught moved to reimburse Eric for the podium, Merritt seconded the motion which carried by unanimous vote.

Comments: July meeting will be held on Monday June 18, 2007 at the water plant at 6:30 pm.

Merritt moved to allow payment of the invoices presented. Haught seconded the motion which carried by unanimous vote.

Haught moved to adjourn, Merritt seconded the motion which also carried by unanimous vote.

The meeting adjourned at 8:15 pm

Donna Rae Muller
Secretary

Alan R. Haught
President

RESOLUTION

WHEREAS, The Hughes River Water Board has received a Letter of Conditions through the Rural Utilities Service Water and Waste Disposal Loan and Grant Program administered by the USDA-Rural Development; and,

WHEREAS, The Hughes River Water Board must understand and agree to the terms stated in the Letter of Conditions before the USDA-RD will obligate funds which will allow the Hughes River Water Board to install sludge dewatering process equipment at the water plant facility.

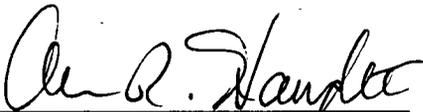
WHEREAS, The Hughes River Water Board must adopt and concur with a number of administrative regulations and regulatory procedures in order to fully comply with the Letter of Conditions,

NOW THEREFORE BE IT RESOLVED that the Hughes River Water Board, after due consideration, hereby adopts the following Rural Utilities Service forms:

- Form RD 442-7 - "Operating Budget"**
- Form RD 1940-1 - "Request for Obligation of Funds:**
- RUS Bulletin 1780-12 - "Water System Grant Agreement"**
- Form RD 1942-47 - "Loan Resolution (Public Bodies)"**
- Form RD 400-1 - "Equal Opportunity Agreement"**
- Form RD 400-4 - " Assurance Agreement"**
- Form AD 1047 - "Certification Regarding Debarment-Primary"**
- Form AD 1049 - "Certification Regarding Drug-Free Workplace"**
- Form RC 1910-11 " Applicant Certification, Federal Collection Policies" FmHA**
- Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"**
- Standard form LL - "Disclosure of Lobbying Activities"**

The above regulations have been presented to the Hughes River Water Board. This resolution authorizes the Hughes River Water Board to execute each of the document: cited above and retain same in relevant project files.

ADOPTED THIS 14TH DAY OF MAY, 2007


Alan R. Haught, President

ATTEST:


Donna Rae Mullenix, Corporate Secretary

RESOLUTION OF THE TOWN OF CAIRO

RESOLUTION SUPPORTING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUGHES RIVER WATER BOARD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE BOARD OF NOT MORE THAN \$410,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$128,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE).

WHEREAS, the Town of Cairo (the "Town") has appointed a representative to serve on the Board of Directors of Hughes River Water Board (the "Board");

WHEREAS, the Town purchases water from the Board;

WHEREAS, the Board desires to acquire and construct certain extensions, additions, betterments and improvements to the Board's public water system (the "System") consisting of the construction and operation of sludge dewatering facilities for its water treatment plant, together with all appurtenant facilities related thereto (the "Project");

WHEREAS, the Board desires to pay for the cost of the Project through the issuance of Hughes River Water Board Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), in the aggregate principal amount not to exceed \$410,000 and the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), in the aggregate principal amount of not to exceed \$128,000 (collectively, the "Bonds");

WHEREAS, the Bonds are proposed to be purchased by the United States Department of Agriculture, Rural Utilities Service (the "Government");

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CAIRO:

Section 1: The Town finds that the construction of the Project and the issuance of the Bonds are in the best interest of the Town.

Section 2: The Town encourages its representative on the Board to approve the construction of the Project and the issuance of the Bonds.

Section 4: This Resolution shall be effective immediately following adoption hereof.

Adopted this 2ND day of DECEMBER, 2008.

Patricia I Jenkins
Mayor

Mary V. Cholet
Recorder

RESOLUTION OF THE TOWN OF HARRISVILLE

RESOLUTION SUPPORTING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUGHES RIVER WATER BOARD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE BOARD OF NOT MORE THAN \$410,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$128,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE).

WHEREAS, the Town of Harrisville (the "Town") has appointed a representative to serve on the Board of Directors of Hughes River Water Board (the "Board");

WHEREAS, the Town purchases water from the Board;

WHEREAS, the Board desires to acquire and construct certain extensions, additions, betterments and improvements to the Board's public water system (the "System") consisting of the construction and operation of sludge dewatering facilities for its water treatment plant, together with all appurtenant facilities related thereto (the "Project");

WHEREAS, the Board desires to pay for the cost of the Project through the issuance of Hughes River Water Board Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), in the aggregate principal amount not to exceed \$410,000 and the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), in the aggregate principal amount of not to exceed \$128,000 (collectively, the "Bonds");

WHEREAS, the Bonds are proposed to be purchased by the United States Department of Agriculture, Rural Utilities Service (the "Government");

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HARRISVILLE:

Section 1: The Town finds that the construction of the Project and the issuance of the Bonds are in the best interest of the Town.

Section 2: The Town encourages its representative on the Board to approve the construction of the Project and the issuance of the Bonds.

Section 4: This Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of November, 2008.



Mayor



Recorder

RESOLUTION OF THE CITY OF PENNSBORO

RESOLUTION SUPPORTING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUGHES RIVER WATER BOARD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE BOARD OF NOT MORE THAN \$410,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$128,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE).

WHEREAS, the City of Pennsboro (the "City") has appointed a representative to serve on the Board of Directors of Hughes River Water Board (the "Board");

WHEREAS, the City purchases water from the Board;

WHEREAS, the Board desires to acquire and construct certain extensions, additions, betterments and improvements to the Board's public water system (the "System") consisting of the construction and operation of sludge dewatering facilities for its water treatment plant, together with all appurtenant facilities related thereto (the "Project");

WHEREAS, the Board desires to pay for the cost of the Project through the issuance of Hughes River Water Board Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), in the aggregate principal amount not to exceed \$410,000 and the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), in the aggregate principal amount of not to exceed \$128,000 (collectively, the "Bonds");

WHEREAS, the Bonds are proposed to be purchased by the United States Department of Agriculture, Rural Utilities Service (the "Government");

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PENNSBORO:

Section 1: The City finds that the construction of the Project and the issuance of the Bonds are in the best interest of the City.

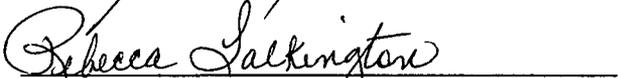
Section 2: The City encourages its representative on the Board to approve the construction of the Project and the issuance of the Bonds.

Section 4: This Resolution shall be effective immediately following adoption hereof.

Adopted this 17th day of November, 2008.



Mayor



Recorder

HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A AND SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

2.6

BOND RESOLUTION

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EXHIBIT A - PROJECT DESCRIPTION

HUGHES RIVER WATER BOARD

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUGHES RIVER WATER BOARD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE BOARD OF NOT MORE THAN \$410,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$128,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HUGHES RIVER WATER BOARD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

“Act” means Enrolled Committee Substitute for Senate Bill No. 35 passed on February 25, 1996 as found in Chapter 261 of the Acts of the Legislature of West Virginia Regular Session, 1996.

“Bond Registrar” means the Issuer, which shall so serve by the Secretary of the Issuer.

“Bonds” means, collectively, the Series 2008 A Bonds, the Series 2008 B Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

“Closing Date” means the date upon which there is an exchange of the Series 2008 Bonds for all or a portion of the proceeds of the Series 2008 Bonds.

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

“Consulting Engineers” means Cerrone Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

“Costs” or “Costs of the Project” means those costs described in Section 1.03E hereof to be a part of the cost of acquisition and construction of the Project.

“Depository Bank” means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

“FDIC” means the Federal Deposit Insurance Corporation and any successor to the functions thereof.

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

“Governing Body” or “Board” means the Board of Directors of the Issuer, as is now or may hereafter be constituted.

“Government” means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2008 A Bonds and the Series 2008 B Bonds.

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

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and

reasonable provision for uncollectible accounts; provided, that “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

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

“Issuer” means Hughes River Water Board, a public corporation and governmental instrumentality of the State in Ritchie County, West Virginia, and includes the Governing Body.

“Letter of Conditions” means, collectively, the Letter of Conditions of the Government dated April 23, 2007, the amended Letter of Conditions of the Government dated November 3, 2008, and all amendments thereto.

“Net Revenues” means Gross Revenues less Operating Expenses.

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

“Outstanding,” when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Section 10.01 hereof; and (iv) for

purposes of consents, notices or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

“Parity Bonds” means the Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

“President” means the President of the Governing Body of the Issuer or any Acting President duly elected by the Governing Body.

“Project” means the acquisition and construction of certain extensions, additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

“PSC” means the Public Service Commission of West Virginia and any successor to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

“Qualified Investments” means and includes any of the following:

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC 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 owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

(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, Inc. or Standard & Poor’s Corporation; and

(j) Advanced-Refunded Municipal Bonds.

“Registered Owner” or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established by Section 5.01 hereof.

“Reserve Accounts” means, collectively, the respective reserve accounts of the Series 2008 A Bonds and the Series 2008 B Bonds.

“Reserve Requirements” means, collectively, the respective reserve requirements of the Series 2008 A Bonds and the Series 2008 B Bonds.

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

“Revenue Fund” means the Revenue Fund established by Section 5.01 hereof.

“Secretary” means the Secretary of the Governing Body of the Issuer.

“Series 2008 Bonds” means, collectively, the Series 2008 A Bonds and the Series 2008 B Bonds.

“Series 2008 Bonds Construction Trust Fund” means the Series 2008 Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2008 A Bonds” means the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, authorized to be issued hereby.

“Series 2008 A Bonds Reserve Account” means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

“Series 2008 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

“Series 2008 A Bonds Sinking Fund” means the Series 2008 A Bonds Sinking Fund established by Section 5.03A(2) hereof.

“Series 2008 B Bonds” means the Water Revenue Bonds, Series 2008 B of the Issuer, authorized to be issued hereby.

“Series 2008 B Bonds Reserve Account” means the Series 2008 B Bonds Reserve Account established by Section 5.02 hereof.

“Series 2008 B Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 B Bonds in the then current or any succeeding year.

“Series 2008 B Bonds Sinking Fund” means the Series 2008 B Bonds Sinking Fund established by Section 5.03A(2) hereof.

“Sinking Funds” means the sinking funds of the Series 2008 A Bonds and the Series 2008 B Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2008 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Series 2008 A Bonds, including the Sinking Funds, the Reserve Accounts, the Depreciation Account and the Renewal and Replacement Fund.

“System” means the complete public service properties of the Issuer for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired 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.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the President or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting President or Acting Secretary.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and governmental entity of the State in Ritchie County of said State. The Issuer presently owns and operates a public water system that is located in or near the corporate limits of Harrisville, West Virginia. The Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the Government and the Issuer.

B. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

C. The estimated maximum cost of acquisition and construction of the Project is \$810,000, of which \$410,000 will be obtained from the Series 2008 A Bonds, \$128,000 will be obtained from the Series 2008 B Bonds and \$272,000 will be obtained from a grant from the Government.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Series 2008 A Bonds and the Series 2008 B Bonds and to make payments into all funds and accounts provided for in this Resolution.

E. It is deemed necessary for the Issuer to issue the Series 2008 A Bonds in the aggregate principal amount of not more than \$410,000, and the Series 2008 B Bonds in the aggregate principal amount of not more than \$128,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2008 A Bonds and the Series 2008 B Bonds prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; engineering 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 enterprise, administrative expense and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

F. There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

H. It is in the best interests of the Issuer that the Series 2008 Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2008 A Bonds and the Series 2008 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of the PSC Order, the time for rehearing and appeal of which has expired or will have been waived prior to the issuance of the Series 2008 Bonds.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2008 Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$810,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds and the Series 2008 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition

and construction of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2008 A Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued in one series, as a single bond, designated as “Water Revenue Bonds, Series 2008 A (United States Department of Agriculture),” in the aggregate principal amount of not more than \$410,000, and the “Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), in the aggregate principal amount of not more than \$128,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2008 Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2008 Bonds.

The Series 2008 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the respective Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Bond form.

Section 3.03. Execution of Bonds. The Series 2008 Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the President. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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. Any 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 3.04. Negotiability, Transfer and Registration. The Series 2008 Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the 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 2008 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.

No registration of transfer of the Series 2008 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on such Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2008 Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2008 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2008 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 2008 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, 1520 Market Street, 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. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing the Issuer proof of ownership and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2008 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System, as herein provided. No Registered Owner of the Series 2008 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 Bonds or the interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 2008 Bonds shall be secured by a first lien on the Gross Revenues. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 Bonds and to make the payments into all funds and accounts provided for in this Resolution, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bond. The text of the Series 2008 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$ _____

FOR VALUE RECEIVED, on this ___ day of _____, 200_, HUGHES RIVER WATER BOARD, a public corporation and governmental entity of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS (\$ _____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of ___% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$ _____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration 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 the Issuer as requested by the Issuer 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly the Enrolled Committee Substitute for Senate Bill No. 36 passed on February 25, 1996 as found in Chapter 26, of the Acts of the Legislature of West Virginia Regular Session, 1996 (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED _____, 2008, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 2008 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Series 2008 B

Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to 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 this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 2008 B Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Series 2008 B Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction

of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

The Issuer 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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

IN WITNESS WHEREOF, HUGHES RIVER WATER BOARD has caused this Bond to be signed by its President and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

President

ATTEST:

Secretary

(Form of)

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

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

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

Dated: _____, ____.

In the presence of:

(FORM OF SERIES 2008 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$ _____

FOR VALUE RECEIVED, on this ___ day of _____, 200_, HUGHES RIVER WATER BOARD, a public corporation and governmental entity of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS (\$ _____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of ___% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$ _____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration 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 the Issuer as requested by the Issuer 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly the Enrolled Committee Substitute for Senate Bill No. 36 passed on February 25, 1996 as found in Chapter 26, of the Acts of the Legislature of West Virginia Regular Session, 1996 (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED _____, 2008, ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 2008 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Series 2008 B

Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to 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 this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 2008 B Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Series 2008 B Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction

of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

The Issuer 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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

IN WITNESS WHEREOF, HUGHES RIVER WATER BOARD has caused this Bond to be signed by its President and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

President

ATTEST:

Secretary

(Form of)

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(37) \$		(55) \$	
(38) \$		(56) \$	
(39) \$		(57) \$	
(40) \$		(58) \$	
(41) \$		(59) \$	
(42) \$		(60) \$	
(43) \$		(61) \$	
(44) \$		(62) \$	
(45) \$		(63) \$	
(46) \$		(64) \$	
(47) \$		(65) \$	
(48) \$		(66) \$	
(49) \$		(67) \$	
(50) \$		(68) \$	
(51) \$		(69) \$	
(52) \$		(70) \$	
(53) \$		(71) \$	
(54) \$		(72) \$	
			\$
TOTAL			

(Form of)

ASSIGNMENT

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

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

Dated: _____, ____.

In the presence of:

Section 3.09. Sale of Bonds. The Series 2008 Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and the provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are created 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;
- (2) Renewal and Replacement Fund; and
- (3) Series 2008 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special accounts are created with and shall be held by the Commission:

- (1) Series 2008 A Bonds Reserve Account.
- (2) Series 2008 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution 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 herein provided.

(1) The Issuer shall first, each month, from the moneys in the Revenue Fund, simultaneously (i) commencing on the day which is 30 days following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2008 A Bonds; and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2008 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 B Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2008 B Bonds.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, simultaneously (i) commencing on the day which is 24 months following the date

of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund, the amount of principal set forth in the Series 2008 A Bonds; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 B Bonds Sinking Fund, the amount of principal set forth in the Series 2008 B Bonds.

The deposits into the Series 2008 A Bonds Sinking Fund and the Series 2008 B Sinking Fund provided in this paragraph and in Section 5.03A (2) above, constitute actual payments of principal of and interest on the Series 2008 A Bonds and the Series 2008 B Bonds to the Government.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, simultaneously (i) commencing on the day which is 24 months following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 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 Series 2008 A Bonds Reserve Requirement; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 B Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2008 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 B Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a

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deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

All investment earnings on moneys in the Series 2008 A Bonds Reserve Account and the Series 2008 B Bond Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2008 Bonds Construction Trust Fund during construction of the Project and thereafter, to the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2008 Bonds and then to the next ensuing principal payment due thereon on a pro rata basis.

Any withdrawals from the Reserve Accounts which result in a reduction in the balance therein to below the respective Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal, or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 Bonds, in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Reserve Accounts created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund, the Series 2008 B Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account and the Series 2008 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds and the Series 2008 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and the fees then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

D. The moneys in excess of the maximum amounts insured by FDIC in all funds and 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.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All moneys received from time to time from the sale of the Series 2008 A Bonds and the Series 2008 B Bonds shall

be deposited in the Series 2008 Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds and the Series 2008 B Bonds, respectively.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2008 Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2008 Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purpose whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2008 Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2008 Bonds.

Expenditures or disbursements from the Series 2008 Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2008 Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2008 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2008 Bonds or the interest thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Registered Owner of the Series 2008 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2008 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 2008 Bonds shall be secured by a first lien on the Gross Revenues. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2008 Bonds and to make the payments into all funds and accounts and all other payments provided for in this Resolution are hereby irrevocably pledged, in the manner provided herein and therein, to such payments as the same become due, and for the other purposes provided in this Resolution.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by state law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Resolution. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the PSC Order and such rates are hereby adopted.

So long as the Series 2008 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2008 Bonds shall prove to be

insufficient to produce the required sums set forth in this Resolution, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution.

Section 7.05. Sale of the System. So long as the Series 2008 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Government, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 Bonds, immediately be remitted to the Government for payment of principal of and interest on the Series 2008 Bonds. Any balance, remaining after the payment of principal of and interest on the Series 2008 Bonds, shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited, pro rata, in the Renewal and Replacement Fund with respect to the Bonds Outstanding. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Government and the Commission for deposit in the respective Sinking Funds and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or,

if not redeemable at par, then in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as the Series 2008 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the liens of the Series 2008 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

Section 7.07. Parity Bonds. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner provided herein and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 Bonds.

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

So long as the Series 2008 Bonds are Outstanding, no Parity Bonds shall be issued at any time, 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 then 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 Registered Owners of the Series 2008 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2008 Bonds are no longer Outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, 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 actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then 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 “estimated average increased annual Net Revenues to be received in each of the three succeeding years,” as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2008 Bonds and the Registered Owners of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

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 Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall

then be in full compliance with all the covenants, agreements and terms of this Resolution.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government and its duly authorized agents and representatives to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Issuer shall submit to the Government such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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 any Registered Owner of the Series 2008 Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body.

The Issuer shall provide the Government each year or any Registered Owner of the Series 2008 Bonds requesting the same, with an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution and the status of all said funds and accounts.

(C) The amount of any Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2008 Bonds and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Resolution and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Government and its agents and representatives to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Government and its agents and representatives with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2008 Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have been obtained 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. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. 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. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges

from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses and (ii) to 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 Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the respective Reserve Accounts, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2008 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and to any Registered Owner of the Series 2008 Bonds who shall file his address with the Issuer within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2008 Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain the certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained. The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the

Government, covering the supervision and inspection of the development and construction of the Project. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2008 A Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals, or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, fees, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations of the PSC, discontinue and shut off the services of the System to all delinquent users of the services of the System, and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be

revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that, so long as the Series 2008 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured prior to 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 insurable portions of the System, including machinery and equipment housed therein, 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 \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from the operation of the System. This coverage must include indemnification of the Board and its engineer.

(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 for the benefit of the Issuer, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) 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.

(E) Workers' Compensation Coverage for All Employees of the System 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 contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to

commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(F) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(G) Flood Insurance will be obtained by the Issuer if available; 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.

(H) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall encourage its customers to require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and other state agencies necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2008 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [Reserved].

Section 7.19. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, this Resolution and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2008 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the owner, including the value of accrued interest and giving effect to the amortization of discount or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2008 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2008 Bonds; or

(B) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 Bonds set forth in this Resolution, any Supplemental Resolution or the Series 2008 Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2008 Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2008 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2008 Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Series 2008 Bonds, or the rights of such Registered Owners.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2008 Bonds may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, with respect to the Bonds, the Registered Owner shall, in addition to all

other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for any reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Registered Owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers herein above conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Resolution, and the title to and

ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2008 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledge of Gross Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment of Resolution. Prior to the issuance of the Series 2008 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the rights of Registered Owners of the Series 2008 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 Bonds then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2008 Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 Bonds and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Series 2008 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. [Reserved].

Section 11.06. Covenant of Due Procedure. 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 President, Secretary and members of the

Governing Body were at all times when any actions in connection with this Resolution occurred, and are, duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 8th day of December, 2008.



President



Member



Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Board of Directors of Hughes River Water Board on the 8th day of December, 2008.

Dated this 18th day of December, 2008.


Secretary

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of construction and operation of sludge dewatering facilities for its water treatment plant, together with all appurtenant facilities related thereto.

HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

2.7

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE HUGHES RIVER WATER BOARD WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND THE WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Board of Directors (the “Governing Body”) of Hughes River Water Board (the “Issuer”) has duly and officially adopted a Bond Resolution on December 8, 2008 (the “Resolution”), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUGHES RIVER WATER BOARD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE BOARD OF NOT MORE THAN \$410,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$128,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF

SUCH BONDS AND ADOPTING OTHER PROVISIONS
RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Issuer's Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), in the aggregate principal amount not to exceed \$410,000 and the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), in the aggregate principal amount not to exceed \$128,000 (collectively, the "Bonds" or the "Series 2008 A Bonds," and the "Series 2008 B Bonds," respectively), in accordance with the Enrolled Committee Substitute for Senate Bill No. 36 passed on February 25, 1996 as found in Chapter 26, of the Acts of the Legislature of West Virginia Regular Session, 1996 (the "Act"), and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government;
and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY
OF HUGHES RIVER WATER BOARD:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

(i) Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, in the original aggregate principal amount of \$410,000. The Series 2008 A Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Series 2008 A Bonds shall bear interest at the rate of 4.125% per annum. Monthly installments of interest only on the amounts advanced

under the Series 2008 A Bonds are payable 30 days following the date of delivery of the Series 2008 A Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2008 A Bonds, and thereafter, monthly installments of principal of and interest on the Series 2008 A Bonds, in the aggregate amount of \$1,784, are payable on the corresponding day of each month, except that the final installment on the Series 2008 A Bonds shall be paid at the end of 40 years from the date of the Series 2008 A Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2008 A Bonds are subject to prepayment as set forth in the Resolution and the Series 2008 A Bonds. All principal and interest payments on the Series 2008 A Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

(ii) Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), of the Issuer, in the original aggregate principal amount of \$128,000. The Series 2008 B Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Series 2008 B Bonds shall bear interest at the rate of 3.625% per annum. Monthly installments of interest only on the amounts advanced under the Series 2008 B Bonds are payable 30 days following the date of delivery of the Series 2008 B Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2008 B Bonds, and thereafter, monthly installments of principal of and interest on the Series 2008 B Bonds, in the aggregate amount of \$519.00, are payable on the corresponding day of each month, except that the final installment on the Series 2008 B Bonds shall be paid at the end of 40 years from the date of the Series 2008 B Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2008 B Bonds are subject to prepayment as set forth in the Resolution and the Series 2008 B Bonds. All principal and interest payments on the Series 2008 B Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby approves and accepts the Letter of Conditions and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates The Union Bank, Harrisville, West Virginia, to serve as the Depository Bank under the Resolution.

Section 5. The proceeds of the Bonds, as advanced from time to time, shall be deposited in the Series 2008 Bonds Construction Trust Fund for payment of the costs of the Project and the costs of issuance of the Bonds and related costs.

Section 6. The President and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Government on or about December 18, 2008.

Section 7. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2008 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 9. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

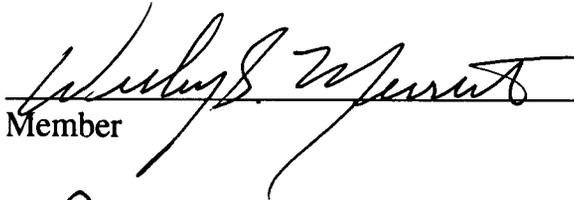
Section 10. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the President is hereby authorized and directed to execute and deliver all such contracts.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

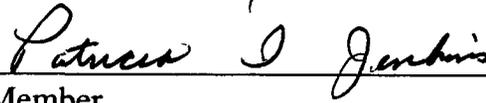
Adopted this 8th day of December, 2008.



President



Member



Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Board of Directors of Hughes River Water Board on the 8th day of December, 2008.

Dated this 18th day of December, 2008.


Secretary

HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

2.8

MINUTES ON ADOPTION OF BOND RESOLUTION
AND SUPPLEMENTAL RESOLUTION

On this 8th day of December, 2008, the undersigned duly appointed Secretary of the Board of Directors of Hughes River Water Board hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of said Board of Directors:

The Board of Directors of Hughes River Water Board met in special session, pursuant to notice duly posted, on the 8th day of December, 2008, in Harrisville, West Virginia, at the hour of 7:30 p.m.

PRESENT: Alan Haught - President and Member
Wes Merrit - Member
Patricia Jenkins - Treasurer and Member

ABSENT: None

Alan Haught, President, presided, and Donna Rae Mullenix, acted as Secretary. The President announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the President presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUGHES RIVER WATER BOARD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE BOARD OF NOT MORE THAN \$410,000 IN

AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$128,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

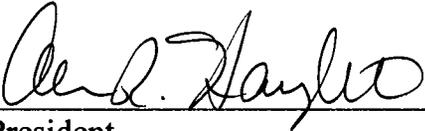
Next, the President presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE HUGHES RIVER WATER BOARD WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND THE WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

Next, the President presented a proposed Resolution in writing approving the payment of invoices from proceeds of the Bonds. Thereupon, upon motion duly made and seconded, it was unanimously ordered that said Resolution be adopted and be in full force and effect on and from the date hereof.

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



President



Secretary

CERTIFICATION

I hereby certify that the foregoing action of Hughes River Water Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature as of the date first written above.


Secretary

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to-wit:

I, Denise J. Shiflet, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled **RITCHIE GAZETTE AND THE CAIRO STANDARD**, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for the current happenings, announcements, miscellaneous reading materials, advertisements, and other notices; that the annexed notice of:

NOTICE OF REGULAR MEETING

(CIRI)

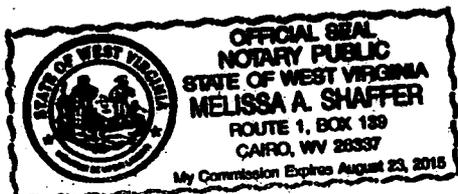
was duly published in said newspaper one week, with the issue of **26TH DAY OF NOVEMBER, 2008**, and that the cost of publishing said annexed notice was **\$36.23**.

1s/ Denise J. Shiflet
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 3rd day of December, 2008.

Melissa A. Shaffer
Notary Public of Ritchie County, West Virginia

My commission expires Aug. 23, 2015.



HUGHES RIVER WATER BOARD NOTICE OF REGULAR MEETING

The Board of Directors of Hughes River Water Board (the "Board") will hold a regular meeting at 7:30 p.m. on December 8, 2008, at the Hughes River Water Board Plant located at 1 Water Plant Road, Harrisville, West Virginia, for the following purposes:

1. To consider the adoption of a proposed Bond Resolution authorizing its Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), in the principal amount of \$410,000 and its Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), in the principal amount of \$128,000 (collectively, the "Bonds"), to pay the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Board (the "Project") and the costs of issuance of related costs.
 2. To consider the adoption of a proposed Supplemental Resolution approving the terms and other provisions of the Bonds.
 3. To ratify approval of the invoices in connection with the Project for payment with proceeds of the Bonds.
 4. To consider and approve all other documents and matters in connection with the financing and construction of the Project.
- This meeting is open to the press and the public and any person interested may attend such meeting.

Donna Rae Mullenix
Secretary

c11/26



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$410,000

FOR VALUE RECEIVED, on this 18th day of December, 2008, HUGHES RIVER WATER BOARD, a public corporation and governmental entity of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of FOUR HUNDRED TEN THOUSAND DOLLARS (\$410,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.125% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$1,784, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

NUMBER

AR-1 SPECIMEN

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly the Enrolled Committee Substitute for Senate Bill No. 36 passed on February 25, 1996 as found in Chapter 26, of the Acts of the Legislature of West Virginia Regular Session, 1996 (the "Act"), a Bond Resolution duly adopted by the Issuer on December 8, 2008, and a Supplemental Resolution duly adopted by the Issuer on December 8, 2008 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

NUMBER

AR-1 SPECIMEN

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED DECEMBER 18, 2008, ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$128,000 (THE "SERIES 2008 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Series 2008 B Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to 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 this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 2008 B Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Series 2008 B Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly

NUMBER

AR-1 SPECIMEN

authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

The Issuer 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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

AR-1

SPECIMEN

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

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

AR-1

IN WITNESS WHEREOF, HUGHES RIVER WATER BOARD has caused this Bond to be signed by its President and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

Carl P. Stuyt

President

ATTEST:
Dennis S. Muller

Secretary

AR-1

(Form of)

RECORD OF ADVANCES

SPECIMEN

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ 55,600	12/18/08	(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			

AR-1

(Form of)
ASSIGNMENT

SPECIMEN

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

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

Dated: _____, __.

In the presence of:



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$128,000

FOR VALUE RECEIVED, on this 18th day of December, 2008, HUGHES RIVER WATER BOARD, a public corporation and governmental entity of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of ONE HUNDRED TWENTY-EIGHT THOUSAND DOLLARS (\$128,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 3.625% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$519, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration 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 the Issuer as requested by the Issuer 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly the Enrolled Committee Substitute for Senate Bill No. 36 passed on February 25, 1996 as found in Chapter 26, of the Acts of the Legislature of West Virginia Regular Session, 1996 (the "Act"), a Bond Resolution duly adopted by the Issuer on December 8, 2008, and a Supplemental Resolution duly adopted by the Issuer on December 8, 2008 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

NUMBER

BR-1 SPECIMEN

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED DECEMBER 18, 2008, ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$410,000 (THE "SERIES 2008 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Series 2008 B Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to 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 this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 2008 B Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Series 2008 B Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of

BR-1 SPECIMEN

the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

The Issuer 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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

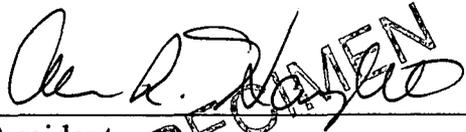
BR-1 SPECIMEN

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

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

BR-1

IN WITNESS WHEREOF, HUGHES RIVER WATER BOARD has caused this Bond to be signed by its President and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.



President

ATTEST:



Secretary

BR-1

(Form of)

SPECIMEN

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ 6,400	12/18/08	(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			

BR-1

(Form of)

ASSIGNMENT

SPECIMEN

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

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

Dated: _____, ____.

In the presence of:

BOND REGISTER

2.12

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$410,000	December 18, 2008

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Hughes River Water Board


Secretary

BOND REGISTER

2.13

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. BR-1	\$128,000	December 18, 2008

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Hughes River Water Board


Secretary

HUGHES RIVER WATER BOARD 3.1
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

GENERAL CERTIFICATE ON:

1. TERMS AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. SPECIMEN BOND
13. BOND PROCEEDS
14. USERS
15. GRANTS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. WETLANDS COVENANT
19. COUNTERPARTS

On this 18th day of December, 2008, we, the undersigned **PRESIDENT** and the undersigned **SECRETARY** of the Board of Directors (the “Board”) of Hughes River Water Board (the “Issuer”), and the undersigned **ATTORNEY** for the Issuer, hereby certify in connection with the Issuer’s Water Revenue Bonds, Series 2008 A (United States Department of Agriculture) (the “Series 2008 A Bonds”) and the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture) (the “Series 2008 B Bonds”) and together with the Series 2008 A Bonds, the “Bonds”), dated the date hereof, as follows:

1. **TERMS AND AWARD OF BONDS:** The entirety of the issues of the Bonds have been duly awarded to the United States of America, United States Department of Agriculture, Rural Utilities Service (the “Government”), pursuant to a letter of conditions dated April 13, 2007 (the “Letter of Conditions”), as amended on November 3, 2008, a Bond Resolution duly adopted by the Issuer on December 8, 2008, and a Supplemental Resolution duly adopted by the Issuer on December 8, 2008

(collectively, the "Resolution"). All capitalized words and terms used in this Certificate and not otherwise defined herein shall have the same meaning as set forth in the Resolution.

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 authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Gross Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Gross Revenues for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, licenses, orders, permits, exemptions, consents, authorizations, registrations and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the acceptance and approval of the Letter of Conditions by the Issuer. The Issuer has met all conditions set forth in the Letter of Conditions and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. **SIGNATURES AND DELIVERY:** The undersigned President and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned President did officially sign all of the Bonds, consisting upon original

issuance of a single Bond for each series, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the President did deliver the Bonds to a representative of the Government as the original purchaser of the Bonds.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommend Decision of the Administrative Law Judge dated September 15, 2008, as adopted by the PSC as a final PSC Order on September 23, 2008, in Case No. 08-0984-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the Order has expired prior to the date hereof without any appeal having been filed. The Order remains in full force and effect.

7. RATES: The rates of the System, as approved by the PSC Order entered on September 23, 2008, in Case No. 08-0984-W-CN, will become effective when the Project is substantially complete.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Hughes River Water Board." The Issuer is a public corporation and governmental instrumentality duly created by the municipalities of Harrisville, Pennsboro and Cairo and presently existing under the laws of, and a political subdivision of, the State of West Virginia in Ritchie County of said State. The Issuer operates the System in Ritchie County of said State. The governing body of the Issuer is its Board of Directors, consisting of three duly appointed, qualified and acting members, whose names and dates of termination of their current terms are as follows:

<u>Name</u>	<u>Date of Termination of Office</u>
Alan Haught	September 1, 2009
Patricia Jenkins	September 1, 2011
Wes Merrit	September 1, 2009

The duly elected or appointed officers of the Board for 2008 are as follows:

Alan Haught	-	President
Patricia Jenkins	-	Vice-President
Wes Merrit	-	Treasurer

The duly appointed secretary of Hughes River Water Board is Donna Rae Mullenix. The duly appointed and acting attorney for the Issuer is Richard A. Hayhurst, Esq., Parkersburg, West Virginia.

9. **LAND AND RIGHTS-OF-WAY:** All land, rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of 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 that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

10. **MEETINGS:** All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, and financing of the Project or the operation of the System were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the Bylaws of the Board, and a quorum of duly appointed qualified and acting members of the Board was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. **INSURANCE:** The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Letter of Conditions. All insurance for the System required by the Resolution and the Letter of Conditions are in full force and effect.

12. **SPECIMEN BOND:** Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution, are identical in all respects with the Bonds this day delivered to the Government and being substantially in the form prescribed in the Resolution.

13. **BOND PROCEEDS:** On the date hereof, the Issuer received from the Government (i) the sum of \$55,600, being a portion of the principal amount of the Series 2008 A Bonds, and (ii) the sum of \$6,400, being a portion of the principal amount of the Series 2008 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

14. **USERS:** The Issuer will serve at least 3 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

15. **GRANTS:** As of the date hereof, the grant from the Government in the amount of \$272,000 is committed for the Project and in full force and effect.

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

17. **PROCUREMENT OF ENGINEERING SERVICES:** The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. **WETLANDS COVENANT:** The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

19. **COUNTERPARTS:** This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Hughes River Water Board as of the date first written above.

Signature

Official Title

Alan R. Haught

President

Donna Rae Mulleris

Secretary

Quinn A. Stephens

Attorney

EXHIBIT A

Specimen Bonds (see Tabs No. 16 and 17)

HUGHES RIVER WATER BOARD 3.2
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 18th day of December, 2008, the undersigned duly appointed Secretary of Hughes River Water Board (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Hughes River Water Board Water Revenue Bonds, Series 2008 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Board of Directors (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Resolutions of Cairo, Harrisville and Pennsboro creating the Issuer.
2. Resolutions of Cairo, Harrisville and Pennsboro Appointing Members of the Board of Directors of the Issuer.
3. Oaths of Office of the Board Members.
4. Bylaws.
5. Minutes of Current Year Organizational Meeting.
6. Public Service Commission Order.
7. USDA Letter of Conditions, Closing Letter and Loan Resolution.
8. Rate Ordinances of Cairo, Harrisville, Pennsboro and Ellensboro.
9. Minutes of Board Meeting regarding Adoption of USDA Loan Resolution.
10. Bond Resolution.

11. Supplemental Resolution.
12. Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.
13. Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.
14. Environmental Health Services Permit.
15. USDA Grant Agreement.
16. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

HUGHES RIVER WATER BOARD


Secretary

HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.3

CERTIFICATE OF CONSULTING ENGINEER

On this 18th day of December, 2008, I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public water facilities (the "System") of Hughes River Water Board (the "Issuer"), to be constructed primarily in Ritchie County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on December 8, 2008 (as supplemented, the "Resolution"), the Letter of Conditions dated April 23, 2007, as amended on November 3, 2008 (the "Letter of Conditions"), from the United States of America, United States Department of Agriculture, Rural Utilities Service ("the Government").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. 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 West Virginia Bureau for Public Health (the "BPH), and any change orders approved by the Issuer, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 years, if properly 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 which are in an amount and otherwise compatible with the plan of financing set forth in the Letter of Conditions, and in reliance upon the opinion of the Issuer's counsel, Richard A. Hayhurst, Esq., dated the date hereof, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for

accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Government and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Edward R. Cokely, CPA, dated the date hereof, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Resolution; and (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Government.

WITNESS my signature and seal as of the date first written above.

[SEAL]

CERRONE ASSOCIATES, INC.


Manning Frymier, P.E.
West Virginia License No. 8497

Cokeley & Associates PLLC

Edward R. Cokeley, CPA

P.O. Box 240
Harrisville, WV 26362

(304) 643-2300
Fax (304) 643-2399

December 18, 2008

HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Hughes River Water Board
Harrisville, West Virginia

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

Ladies and Gentlemen:

I have reviewed the water rates of Hughes River Water Board (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia, entered September 23, 2008, in Case No. 08-0984-W-CN, the projected operating expenses and the anticipated customer usage provided by Cerrone Associates, Inc., the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer (the "System"), and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for the payment of principal of and interest on the Issuer's Water Revenue Bonds, Series 2008 A (United States Department of Agriculture) (the "Series 2008 A Bonds") and the Issuer's Water Revenue Bonds, Series 2008 B (United States Department of Agriculture) (the "Series 2008 B Bonds").

Very truly yours,



Edward R. Cokeley, CPA

Cokeley & Associates PLLC

Edward R. Cokeley, CPA

*P.O. Box 240
Harrisville, WV 26362*

*(304) 643-2300
Fax (304) 643-2399*

December 18, 2008

HUGHES RIVER WATER BOARD
SLUDGE PRESS PROJECT
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Hughes River Water Board
Harrisville, West Virginia

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

Ladies and Gentlemen:

This is to certify that the accounting system and records of the Hughes River Water Board meets the requirements of the bond resolution and they are properly established and operational.

Very truly yours,



Edward R. Cokeley, CPA

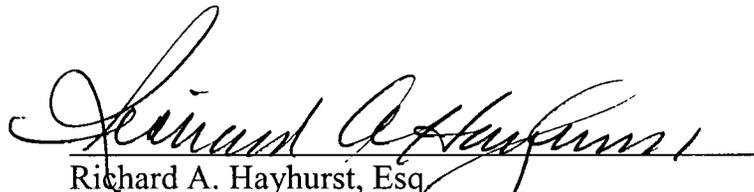
HUGHES RIVER WATER BOARD 3.5
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF NO LITIGATION

On this 18th day of December, 2008, the undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds (“the Bonds”), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of Hughes River Water Board (the “Issuer”) taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Gross Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Resolution, authorizing the Bonds, duly adopted by the Issuer on December 8, 2008.

WITNESS my signature as of the date first written above.


Richard A. Hayhurst, Esq.
Attorney for Hughes River Water Board

HUGHES RIVER WATER BOARD 3.6
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BONDS

On this 18th day of December, 2008, the undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the date hereof, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture) (the "Series 2008 A Bonds"), of Hughes River Water Board (the "Issuer"), dated December 18, 2008, issued in the form of one bond in the principal amount of \$410,000, and numbered AR-1. The Series 2008 A Bonds bear interest at the rate of 4.125% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of such Bonds and continuing on the corresponding day of each month for the first 24 months after the date of such Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on such Bonds in the aggregate amount of \$1,784, except that the final installment on such Bonds shall be paid at the end of 40 years from the date of such Bonds in the sum of the unpaid principal and interest due on the date thereof.

2. On the date hereof, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture) (the "Series 2008 B Bonds"), of Hughes River Water Board (the "Issuer"), dated December 18, 2008, issued in the form of one bond in the principal amount of \$128,000, and numbered BR-1. The Series 2008 B Bonds bear interest at the rate of 3.625% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of such Bonds and continuing on the corresponding day of each month for the first 24 months after the date of such Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on such Bonds in the aggregate amount of \$519, except that the final installment on such Bonds shall be paid at the end of 40 years from the date of such Bonds in the sum of the unpaid principal and interest due on the date thereof.

3. At the time of such receipt of the Series 2008 A Bonds and Series 2008 B Bonds, they had been executed by the President of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon such Bonds.

WITNESS my signature as of the date first written above.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE


Authorized Representative

HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

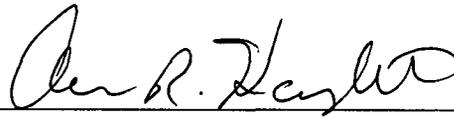
3.7

RECEIPT FOR BOND PROCEEDS

On this 18th day of December, 2008, the undersigned Chairperson of Hughes River Water Board (the "Issuer"), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), the sum of \$55,600, being the first advance on the principal of the \$410,000 Hughes River Water Board Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), and the sum of \$6,400, being the first advance on the principal of the \$128,000 Hughes River Water Board Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), dated December 18, 2008 (collectively, the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the Government from time to time as construction progresses.

WITNESS my signature as of the date first written above.

HUGHES RIVER WATER BOARD



Chairperson

HUGHES RIVER WATER BOARD
WATER REVENUE BONDS, SERIES 2008 A
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

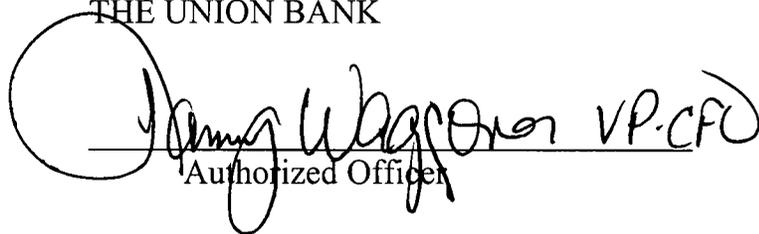
3.8

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

On this 18th day of December, 2008, THE UNION BANK, Harrisville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution adopted by Hughes River Water Board (the "Issuer") on December 8, 2008 (collectively, the "Resolution"), authorizing the issuance of the Issuer's Water Revenue Bonds, Series 2008 A and the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), in the respective aggregate principal amounts of \$410,000 and \$128,000, dated December 18, 2008, and agrees to serve as Depository Bank, all as set forth in the Resolution.

WITNESS my signature as of the date first written above.

THE UNION BANK

 VP-CFO
Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

NEW ISSUE REPORT FORM

8 Capitol Street, Charleston, WV 25301

Date of Report: December 18, 2008

(304) 558-3971

ISSUE: Hughes River Water Board Water Revenue Bonds, Series 2008 A
(United States Department of Agriculture)

ADDRESS: P.O. Box 243, Harrisville, WV 26362-0243 COUNTY: Ritchie

PURPOSE OF ISSUE: New Money X
Refunding Refunds issue(s) dated:

ISSUE DATE: December 18, 2008 CLOSING DATE: December 18, 2008

ISSUE AMOUNT: \$410,000 RATE: 4.125%

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

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL:
Contact Person: Samme L. Gee, Esquire Contact Person:
Phone: (304) 340-1318 Phone:

CLOSING BANK: The Union Bank ESCROW TRUSTEE:
Contact Person: Deborah Sheets Contact Person:
Phone: (304) 643-2974 Phone:

KNOWLEDGEABLE ISSUER CONTACT: OTHER: USDA, Rural Utilities Service
Contact Person: Alan Haught Contact Person: Virginia McDonald
Position: President Function: Rural Development Specialist
Phone: (304) 643-2719 Phone: (304) 420-6666
E-Mail: hmayor26362@yahoo.com

DEPOSITS TO MBC AT CLOSE: Accrued Interest: \$
Capitalized Interest: \$
By Wire Reserve Account: \$
Check Other: \$

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By Wire To Escrow Trustee: \$
Check To Issuer: \$
IGT To Cons. Invest. Fund \$
To Other: \$

NOTES: The Bond Commission will only hold the Series 2008 A Bonds Reserve Account to be funded over 10 years. Debt service payments will be made by the District directly to the National Finance Office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required:

Transfers Required:

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 18, 2008

ISSUE: Hughes River Water Board Water Revenue Bonds, Series 2008 B
(United States Department of Agriculture)

ADDRESS: P.O. Box 243, Harrisville, WV 26362-0243 COUNTY: Ritchie

PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: December 18, 2008 CLOSING DATE: December 18, 2008

ISSUE AMOUNT: \$128,000 RATE: 3.625%

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

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Samme L. Gee, Esquire Contact Person: _____
Phone: (304) 340-1318 Phone: _____

CLOSING BANK: The Union Bank ESCROW TRUSTEE: _____
Contact Person: Deborah Sheets Contact Person: _____
Phone: (304) 643-2974 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT: OTHER: USDA, Rural Utilities Service
Contact Person: Alan Haught Contact Person: Virginia McDonald
Position: President Function: Rural Development Specialist
Phone: (304) 643-2719 Phone: (304) 420-6666
E-Mail: hmayor26362@yahoo.com

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
Capitalized Interest: \$ _____
By _____ Wire _____ Reserve Account: \$ _____
Check _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire _____ To Escrow Trustee: \$ _____
Check _____ To Issuer: \$ _____
IGT _____ To Cons. Invest. Fund \$ _____
To Other: \$ _____

NOTES: The Bond Commission will only hold the Series 2008 B Bonds Reserve Account to be funded over 10 years. Debt service payments will be made by the District directly to the National Finance Office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS

1 DAVIS SQUARE, SUITE 200
TELEPHONE 304-558-2981

CHARLESTON, WEST VIRGINIA 25301

PERMIT

(Water)
PROJECT: Water Treatment Plant Sludge Dewatering Facilities

PERMIT NO.: 17,852

LOCATION: near Harrisville

COUNTY: Ritchie

DATE: 1-21-2008

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Hughes River Water Board
P. O. Box 243
Harrisville, West Virginia 26362

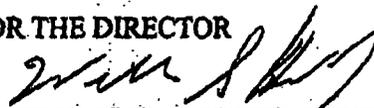
is hereby granted approval to: install one (1) 50,000 gallon sludge storage tank with a mechanical mixers; a new sludge belt filter press; a new 50 G.P.M. duplex sludge belt filter press effluent pump station and approximately 1,540 LF of 3" force main; and all necessary piping, valves, pumps, controls and appurtenances.

Facilities are to replace the existing sludge bagging system at the Hughes River Water Board water treatment plant.

The Environmental Engineering Division of the OEHS-Wheeling District Office, telephone (304) 238-1145, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR



William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt

pc: Cerrone Associates, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Ritchie County Health Department
OEHS-EED Wheeling District Office

RECEIVED
JAN 25 2008

BY:

COPY

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated _____ between

Hughes River Water Board

a public corporation organized and operating under _____

West Virginia Code, Article 13D
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 682,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 410,000 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 410,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 272,000 or 39.88% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 39.88% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes

of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

The existing 1,750 gallon per minute water treatment facility, approximately 50,000 linear feet of waterline, a 1,00,000 gallon water storage tank located in Harrisville, a 214,000 gallon water storage tank located in North Bend State Park, a 400 gallon per minute booster station located on Stewarts Run Road between Harrisville and the Pennsboro Industrial Park, a 200 gallon per minute booster station located between Harrisville and North Bend State Park, two (2) pressure reducing valves and a radio telemetry monitoring system, a belt filter press, and all related appurtenances.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1. 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$272,000.00, which it will advance to Grantee to meet not to exceed 39.88% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

President Alan R. Haught

and attested and its corporate seal affixed by its duly authorized

Secretary Donna Rae Mullenix

Attest:

By: Donna Rae Mullenix
Donna Rae Mullenix

(Title) Secretary

By: Alan R. Haught
Alan R. Haught

(Title) President

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Virginia M. McDonald Area Specialist
Virginia M. McDonald (Title)

12/18/08

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
11/26/08

PRODUCER
Wells Fargo Ins. Services
of West Virginia, Inc.
P.O. Box 1661
Charleston WV 25328-1551
(304) 346-0611

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Hughes River Water Board
P.O. Box 243
Marrieville, WV 25362

COMPANIES AFFORDING COVERAGE

COMPANY	A St. Paul Fire & Marine Ins Co.
COMPANY	B
COMPANY	C
COMPANY	D

COVERAGES
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS												
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DESCRIPTION OF OPERATIONS, LOCATIONS, VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER
EVIDENCE OF INSURANCE
00000

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE

IMPORTANT

If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

CLOSING MEMORANDUM

3.13

**To: Alan Haught
Virginia McDonald
Samme Gee**

From: Ryan White

Date: December 18, 2008

**Re: Hughes River Water Board Water Revenue Bonds,
Series 2008 A (United States Department of Agriculture)
Water Revenue Bonds, Series 2008 B
(United States Department of Agriculture)**

1. DISBURSEMENTS TO DISTRICT

- A. Payor: United States Department of Agriculture
Source: Series 2008 A Bonds Proceeds
Amount: \$55,600
Date: December 18, 2008
Form: Electronic Funds Transfer
Payee: Hughes River Water Board
Bank: The Union Bank
Routing No.: 043404443
Account No.: 5000166
Account: Series 2008 A Bonds Construction Trust Fund
- B. Payor: United States Department of Agriculture
Source: Series 2008 B Bonds Proceeds
Amount: \$6,400
Date: December 18, 2008
Form: Electronic Funds Transfer
Payee: Hughes River Water Board
Bank: The Union Bank
Routing No.: 043404443
Account No.: 5000166
Account: Series 2008 B Bonds Construction Trust Fund

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 18th day of May, 2001

19 between the Hughes River Water Board

P.O. Box 243, Harrisville, WV 26362-0243
(Address)

hereinafter referred to as the "Seller" and the Town of Harrisville

P.O. Box 243, Harrisville, WV 26362-0243
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 8, Article 19 of the Code of West Virginia, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by resolution No. - enacted on the 14th day of May, 2001, 19 , by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Hughes River Water Board was approved, and the execution of this contract carrying out the said resolution by the Vice President, Wesley Merritt, and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Harrisville Town Council of the Purchaser, enacted on the 16th day of May, 2001, 19 , the purchase of water from the Seller in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by the Mayor, Alan R. Haught, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State and

Federal Laws, Regulations and Guidelines

in such quantity as may be required by the Purchaser not to exceed N/A gallons per month.

This information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing and reviewing the collection of information, sending comments regarding this collection of information, and reviewing this burden to U.S. Department of Agriculture, Chemical Office, STOP 7602, 1400 Independence Avenue, NW, Washington, DC 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office you are submitting information to unless it directs you to do otherwise.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at not less than 20 p.s.i. from an existing 6" and 8" inch main supply at a point located the Water Tank

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on once a month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 25th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 30th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ _____ for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ _____ cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
- c. \$ _____ cents per 1000 gallons for water in excess of _____ gallons.

The interim wholesale rate of two dollars and sixth two cents (\$2.62) per 1000 gallons of water. At the time Pennsboro and Cairo go on-line the lower rate of one dollar and fifty seven cents (\$1.57) per 1000 gallons will go into effect. (This is anticipated for the fall of 2001)

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of N/A dollars which shall cover any and all costs of the Seller for installation of the metering equipment and _____

It is further mutually agreed between Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
2. (Delivery of Water) That 7-10 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ N/A which will be paid by the contractor or, on his failure to pay, by the Purchaser.
4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.
6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.
8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

Seller:

Hughes River Water Board
By Wesley S. Merritt
Wesley S. Merritt
Title Vice President

Attest:

Donna Rae Mullenix
Acting Secretary
Donna Rae Mullenix

Purchaser:

Town of Harrisville
By Alan R. Haught
Alan R. Haught
Title Mayor

Attest:

Donna Rae Mullenix
Donna Rae Mullenix Secretary Recorder

This contract is approved on behalf of Rural Development this 13th day of August

XX 2007 .

By Randy B. Plum
Randy B. Plum
Title Acting State Director

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 18th day of December 2002

, between the Hughes River Water Board

P.O. Box 243, Harrisville, WV 26362-0243

(Address)

hereinafter referred to as the "Seller" and the Town of Cairo

P.O. Box 162, Cairo, WV 26337

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of WV Senate Bill No. 36 of the Code of West Virginia, Chapter 8, Article 19 for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by a Resolution enacted on the 14th day of May 2001, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Hughes River Water Board was approved, and the execution of this contract carrying out the said Action by the Vice Pres, Wesley Merritt, and attested by the Secretary, was duly authorized, and

Whereas, by the action of the Cairo Town Council of the Purchaser, enacted on the 18th day of December 2002, 19 , the purchase of water from the Seller in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by the Cairo Mayor Gary Haugh, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State and

Federal Laws and Regulations

in such quantity as may be required by the Purchaser not to exceed N/A gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at not less than 20 from an existing 6" and 8" inch main supply at a point located PSI

the water plant

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the _____ months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on daily basis. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 5th to 7th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ _____ for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ \$2.62 cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
for Harrisville as approved by PSC, effective May 18, 2001
- c. \$ 1.57 cents per 1000 gallons for water in excess of _____ gallons.

for the Town of Harrisville after the Municipalities of **Cairo** and Pennsboro come on line or at such time deemed necessary with Public Service Commission approval.

Note: **cairo** and **pennsboro** will come on line at the rate of \$1.57 per 1000 gallons for water.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of N/A dollars which shall cover any and all costs of the Seller for installation of the metering equipment and _____

is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That _____ days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction,

irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ N/A which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

Witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.
(HRWB, Purchaser and RUS)

Seller:

Hughes River water Board

By Alan R. Haught

Title President (Alan R. Haught)

Attest:

Donna Rae Mullinix
Secretary

HRWB Corporate Secretary
(Donna Rae Mullinix)

Purchaser:

Town of Cairo

By Gary S. Haugh

Title Mayor (Gary S. Haugh)

Attest:

Yancy V. Charlton
Recorder Secretary City clerk

This contract is approved on behalf of Rural Development this _____ day of _____, 19____.

By _____

Title _____

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 22 day of April,

2003, between the Hughes River Water Board,

1501 East Main Street, P.O. Box 243, Harrisville, WV 26362-0243
(Address)

hereinafter referred to as the "Seller" and the City of Pennsboro

422 Main Street, Pennsboro, WV 26415
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 8, Article 19 of the Code of West Virginia, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by a Resolution enacted on the 14th day of May, 2001, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Hughes River Water Board was approved, and the execution of this contract carrying out the said action by the V.Pres., Wesley Merritt, and attested by the Secretary, was duly authorized, and

Whereas, by Action of the Pennsboro City Council of the Purchaser, enacted on the 22 day of April, 2003, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the Pennsboro Mayor Wes Merritt, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State and Federal Laws and Regulations

in such quantity as may be required by the Purchaser not to exceed N/A gallons per month.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 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.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at no less than 20PSI from an existing 6" and 8" inch main supply at a point located the water tank

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the _____ months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on daily basis. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the _____ day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 5th to 7th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ _____ for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ _____ cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
- c. \$ 1.57 cents per 1000 gallons for water ~~in excess of _____~~ gallons.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of N/A dollars which shall cover any and all costs of the Seller for installation of the metering equipment

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That _____ days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ N/A which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.
(HRWB, Purchaser and RUS)

Seller:

Hughes River Water Board

By

Alan R. Haught

Title

President (Alan R. Haught)

Attest:

Donna Rae Mullenix

Secretary

HRWB Corporate Secretary
Donna Rae Mullenix

Purchaser:

City of Pennsboro

By

Wesley Merritt

Title

Mayor (Wesley Merritt)

Attest:

Rebecca R. Saltington

Recorder

Secretary

City Clerk

This contract is approved on behalf of Rural Development this _____ day of _____,

By _____

Title _____

December 18, 2008

Hughes River Water Board
Harrisville, West Virginia

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

Re: Hughes River Water Board Water Revenue Bonds,
Series 2008 A (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to Hughes River Water Board (the “Issuer”) in connection with the issuance of its Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of \$410,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 4.125% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Enrolled Committee Substitute for Senate Bill No. 36 passed on February 25, 1996 as found in Chapter 26, of the Acts of the Legislature of West Virginia Regular Session, 1996 (the “Act”), and have been authorized by a Bond Resolution duly adopted by the Issuer on December 8, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 8, 2008 (collectively, the “Resolution”). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the “Project”); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

{C1351463.1}

1. The Issuer is a duly created and validly existing public corporation and governmental entity of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and a pledge of the Gross Revenues of the System, all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest 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.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Bond numbered AR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,



December 18, 2008

Hughes River Water Board
Harrisville, West Virginia

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

Re: Hughes River Water Board Water Revenue Bonds,
Series 2008 B (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to Hughes River Water Board (the “Issuer”) in connection with the issuance of its Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of \$128,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 3.625% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Enrolled Committee Substitute for Senate Bill No. 36 passed on February 25, 1996 as found in Chapter 26, of the Acts of the Legislature of West Virginia Regular Session, 1996 (the “Act”), and have been authorized by a Bond Resolution duly adopted by the Issuer on December 8, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 8, 2008 (collectively, the “Resolution”). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the “Project”); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

{C1434210.1}

1. The Issuer is a duly created and validly existing public corporation and governmental entity of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and a pledge of the Gross Revenues of the System, all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest 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.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Bond numbered BR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Jack Kelly PLLC

RICHARD A. HAYHURST
ATTORNEY AT LAW
POST OFFICE BOX 86
PARKERSBURG, WEST VIRGINIA 26102-0086

414 MARKET STREET

December 18, 2008,
Our 37th Year.

AREA CODE 304
TELEPHONE 422-1445
FACSIMILE 428-2674

Hughes River Water Board
Harrisville, West Virginia

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

Jackson Kelly PLLC
Charleston, West Virginia

Re: Hughes River Water Board Water Revenue Bonds,
Series 2008 A (United States Department of Agriculture)
Series 2008 B (United States Department of Agriculture)

Ladies and Gentlemen:

I am counsel to Hughes River Water Board (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (collectively, the "Bonds"), the letter of conditions dated March 18, 2008, and all amendments thereto from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Resolution duly adopted by the Board of Directors of the Issuer (the "Board") on December 8, 2008, as supplemented by a Supplemental Resolution duly adopted on December 8, 2008 (collectively, the "Resolution"), orders of Cairo, Harrisville and Pennsboro relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing public corporation and governmental entity of the State of West Virginia, with full power and authority to

acquire and construct the Project, to operate and maintain the System and to adopt the Resolution, all under the Act and other applicable provisions of law.

2. The members and officers of the Board have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

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

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Resolution and the Bonds 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 resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, consents, certificates, orders, exemptions, registrations and authorizations necessary for the creation and 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 for use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the West Virginia Bureau for Public Health and the Public Service Commission of West Virginia (the "PSC"). The Issuer has taken all actions required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision of the Administrative Law Judge dated September 15, 2008, as made final by the PSC on September 23, 2008 in Case No. 08-0984-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such orders has not expired prior to the date hereof. However, the parties thereto have stated that they do not intend to appeal such orders. Such orders remain in full force and effect.

6. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Resolution, the

Hughes River Water Board
United States Department of Agriculture
Jackson Kelly PLLC
December 18, 2008
Page 3

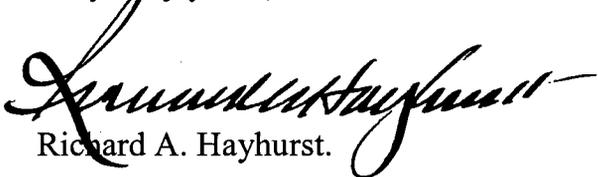
acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Gross Revenues for payment of the Bonds.

7. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act and the Resolution; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

8. The Issuer's Water Purchase Contracts are valid and binding contracts among the parties enforceable in accordance with its terms. The Public Service Commission of West Virginia has approved such Water Purchase Contracts.

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

Very truly yours,



Richard A. Hayhurst.

RAH/23.

FINAL TITLE OPINION

LOAN APPLICANT Hughes River Water Board	ADDRESS OR PROPERTY COVERED BY THIS OPINION One Water Plant Road Harrisville, West Virginia 26362	
APPLICANT FOR TITLE EXAMINATION United States Department of Agriculture Rural Development	COUNTY Ritchie	STATE West Virginia

- 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 December 18, 2008, at 10:00 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 Hughes River Water Board
- as fee simple owner
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid first priority 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 N/A,
(Priority) *(Mortgage, etc.)* *(Date)*
_____, at _____ a.m. and is recorded in _____.
(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):
Not applicable

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 0575-0147. The time required to complete this information collection is estimated to average 20 minutes 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.

- 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 I, 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.

December 18, 2008

(Date)


Richard A. Hayhurst *Attorney's signature*

414 Market Street, Post Office Box 86,
Parkersburg, West Virginia 26102-0086.

(304) 422-1445 *(Address, include ZIP Code)*

Attachments

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAYDate December 18, 2008

Dear Sir:

I have reviewed the action taken by Hughes River Water Board (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 N/A, 19 _____. 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:

No rights of way were required for this project.

Very truly yours,



Richard A. Hayhurst

Attorney for Hughes River Water Board
Address: 414 Market Street, Post Office Box 80
Parkersburg, West Virginia 26102-0080