

**HODGESVILLE PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)**

**Date of Closing: December 18, 2002**

**BOND TRANSCRIPT**

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**HODGESVILLE PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)**

**BOND RESOLUTION**

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HODGESVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF HODGESVILLE PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,850,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF HODGESVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

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

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

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of 25 miles of 6-inch waterline, one 270 GPM pump station and one 50 GPM booster station, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is \$3,100,000, of which \$1,850,000 will be obtained from the proceeds of sale of the Series 2002 A Bonds herein authorized and \$1,250,000 will be obtained from a grant from the Small Cities Block Grant Program.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), in the aggregate principal amount of \$1,850,000 (the "Series 2002 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2002 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the

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

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1977, dated July 16, 1979, issued in the original aggregate principal amount of \$225,000, the Water Revenue Bonds, Series 1982, dated August 9, 1982, issued in the original aggregate principal amount of \$615,000, the Rescheduled Water Revenue Bonds, Series 1977, dated September 1, 1997, issued in the original aggregate principal amount of \$9,945, and the Rescheduled Water Revenue Bonds, Series 1982, dated September 9, 1997, issued in the original aggregate principal amount of \$29,132 (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2002 A Bonds as to liens, pledge and/or source of and security for payment.

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

H. It is in the best interest of the Issuer that the Series 2002 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated March 20, 2000, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2002 A Bonds, or will have so complied prior to issuance of the Series 2002 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2002 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2002 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

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

"Depository Bank" means Bank One, West Virginia, National Association, Buckhannon, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated March 20, 2000, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in the then current or any succeeding year.

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

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

"Prior Bonds" means, collectively, the Water Revenue Bonds, Series 1977, dated July 16, 1979, issued in the original aggregate principal amount of \$225,000, the Water Revenue Bonds, Series 1982, dated August 9, 1982, issued in the original aggregate principal amount of \$615,000, the Rescheduled Water Revenue Bonds, Series 1977, dated September 1, 1997, issued in the original aggregate principal amount of \$9,945, and the Rescheduled Water Revenue Bonds, Series 1982, dated September 9, 1997, issued in the original aggregate principal amount of \$29,132, of the Issuer described in Section 1.02G hereof.

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

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

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

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

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

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

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

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

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

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

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

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

"Secretary" means the Secretary of the Governing Body.

"Series 2002 A Bonds" means the Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND  
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$3,100,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2002 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2002 A (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of \$1,850,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2002 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2002 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.875% per annum, and shall be sold for the par value thereof.

The Series 2002 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2002 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2002 A Bonds, and the right to principal of and stated interest on the Series 2002 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2002 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2002 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2002 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2002 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2002 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2002 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2002 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2002 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2002 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2002 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2002 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2002 A Bonds shall cease to be such officer of the Issuer before the Series 2002 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2002 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2002 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2002 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2002 A Bonds shall have

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

Section 3.07.      Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2002 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2002 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2002 A Bonds and the Prior Bonds as the same become due.

Section 3.08.      Form of Bond. Subject to the provisions hereof, the text of the Series 2002 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

HODGESVILLE PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2002 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,850,000

No. AR-1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, HODGESVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$10,009, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted \_\_\_\_\_, 2002, authorizing issuance of this Bond (the "Resolution").

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

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

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

- 1) WATER REVENUE BONDS, SERIES 1977, DATED JULY 16, 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000;
- 2) WATER REVENUE BONDS, SERIES 1982, DATED AUGUST 9, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$615,000;
- 3) RESCHEDULED WATER REVENUE BONDS, SERIES 1977, DATED SEPTEMBER 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,945; AND
- 4) RESCHEDULED WATER REVENUE BONDS, SERIES 1982, DATED SEPTEMBER 9, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$29,132.

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

HODGESVILLE PUBLIC SERVICE DISTRICT  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

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

Hodgesville, West Virginia 25831  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Secretary, Public Service Board  
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

## ARTICLE IV

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

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

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

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

- (1) Series 2002 A Bonds Reserve Account.

Section 4.02.      Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2002 A Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2002 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

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

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

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

So long as any of the Series 2002 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2002 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2002 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2002 A Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2002 A Bonds, transfer from the Revenue Fund and remit (i) to the National Finance Office, the amounts required to be paid on the Prior Bonds pursuant to the Prior Resolutions; and (ii) to the National Finance Office, the amounts required to pay the interest on the Series 2002 A Bonds and to amortize the principal of the Series 2002 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2002 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate

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

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank for deposit into the respective Reserve Accounts for the Prior Bonds, the amounts required by the Prior Resolutions; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2002 A Bonds Reserve Account, an amount equal to 0.4167% of the Minimum Reserve, until the amount in the Series 2002 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2002 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2002 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2002 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2002 A Bonds, or for mandatory prepayment of the Series 2002 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2002 A Bond Reserve Account, so long as the Series 2002 A Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for the deposit in the Depreciation Reserve (i) the amounts required by the Prior Resolutions for the Prior Bonds; (ii) beginning on the date specified by the Purchaser, but in any event not later than the 12th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, an amount equal to 0.4167% of the Minimum Reserve, until the amount in the Series 2002 A Bonds Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 2002 A Bonds are outstanding; provided, however, that in the event Revenues are

insufficient to fund the Series 2002 A Bonds Reserve Account in accordance with Section 4.04B above, or a withdrawal of funds from the Series 2002 A Bonds Reserve Account is made, payment of Revenues into the Renewal and Replacement Fund as provided in this Section 4.04B shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2002 A Bonds Reserve Account until such deficiency is cured, at which time payments into the Renewal and Replacement Fund as provided in this Section 4.04B shall resume. Monies in the Renewal and Replacement Fund shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Series 2002 A Bonds as the same become due, and next to restore to the Series 2002 A Bonds Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments are current and in accordance with the foregoing provisions, monies in the Renewal and Replacement Fund may be withdrawn by the Issuer and used for replacements, repairs, improvements or extensions to the System.

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

Whenever the money in the Series 2002 A Bonds Reserve Account shall be sufficient to prepay the Series 2002 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2002 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2002 A Bonds Reserve Account. The Depository Bank is hereby redesignated as the Fiscal Agent for the Depreciation Reserve as herein provided. All amounts required for the Series 2002 A Bonds Reserve Account and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 2002 A Bonds Reserve Account and the Depreciation Reserve shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser

shall have a lien thereon for further securing payment of the Series 2002 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2002 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2002 A Bonds Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2002 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2002 A Bonds, provide evidence that there will be at least 1,007 bona

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

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

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

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

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

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2002 A Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$1,850,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2002 A Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

## ARTICLE V

### GENERAL COVENANTS, ETC.

Section 5.01.      General Statement. So long as the Series 2002 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2002 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2002 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2002 A Bonds.

Section 5.02.      Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2002 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03.      Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2002 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

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

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

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

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

**Section 5.05. Insurance and Bonds.** The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2002 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2002 A Bonds.

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

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

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2002 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2002 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2002 A Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2002 A Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2002 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08.      Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights; provided that prior to the Purchaser taking any action regarding any security interest or the lien security the Series 2002 A Bonds.

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

Section 5.09.      Fiscal Year; Budget. While the Series 2002 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2002 A Bonds are outstanding.

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

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on June 6, 2002, Case No. 01-1432-PWD-19A, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2002 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2002 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2002 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2002 A Bonds, the Issuer may not defease the Series 2002 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2002 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2002 A Bonds.

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

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

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

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

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

Adopted this 16th day of December, 2002.

HODGESVILLE PUBLIC SERVICE DISTRICT

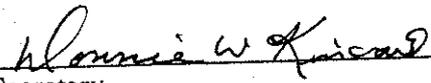
  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of HODGESVILLE PUBLIC SERVICE DISTRICT on the 16th day of December, 2002.

Dated: December 18, 2002.

[SEAL]

  
Secretary

9/03/02  
415080.00001



HODGESVILLE PUBLIC SERVICE DISTRICT

\$225,000 Water Revenue Bond, Series 1977

BOND RESOLUTION

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HODGESVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$225,000 WATER REVENUE BOND, SERIES 1977, OF HODGESVILLE PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A NEW WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF HODGESVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Hodgesville Public Service District (the "District") is a public service district created pursuant to said Article 13A by The County Commission of Upshur County.

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

- (A) The District does not now have a public waterworks system.
- (B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be acquired and constructed a new waterworks system of the District consisting of water transmission and distribution lines, meters, booster station and water storage with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board of the District (the "Board"). Water

will be purchased from the City of Buckhannon pursuant to a water purchase agreement to be made between said City and the District.

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$225,000 to finance the cost of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$680,000, of which \$225,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$333,000 from a grant by the Government, and \$122,000 from a grant by Appalachian Regional Commission.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized by this resolution.

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

(G) There are not any obligations of the District which will rank prior to or on a parity with the Bond as to liens and source of and security for payment.

(H) The Government is expected by the Board to purchase the entire principal amount of the Bond.

(I) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Government, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

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

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the \$225,000 Water Revenue Bond, Series 1977, originally authorized to be issued pursuant to this Resolution.

"Chairman" means the Chairman of the Board.

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

"District" means Hodgesville Public Service District, of Upshur County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

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

"Fiscal Year" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means

any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

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

"Original Purchaser" means the purchaser, directly from the District, of the Bond.

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

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

"Secretary" means the Secretary of the Board.

"System" means the complete waterworks system of the District, including all water facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter

owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,  
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1977", is hereby authorized to be issued in the aggregate principal amount of not exceeding Two Hundred Twenty-Five Thousand Dollars (\$225,000) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost.  
In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of the District. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the District may pay the same, and, if such

Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions of this Resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1977

HODGESVILLE PUBLIC SERVICE DISTRICT

\$225,000

No. 1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, HODGESVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Twenty-Five Thousand Dollars (\$225,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$1,105, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the

Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

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

[CORPORATE SEAL]

HODGESVILLE PUBLIC SERVICE DISTRICT  
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

ATTEST:

Route 1, Box 352  
(Post Office Box No. or Street Address)

Buckhannon, West Virginia 26201  
(City, State and Zip Code)

(Signature of Attesting Official)

Secretary, Public Service Board  
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ \_\_\_\_\_

ASSIGNMENT

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_  
\_\_\_\_\_  
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES AND  
APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond shall be deposited on receipt by the District in Central National Bank, Buckhannon, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as "Hodgesville Public Service District Construction Account" (the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and pay to the National Finance Office named in the Bond, not later than the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Bond on such interest payment date.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made,

any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Government.

Section 3.02. Covenants of the District as to Revenues and Funds.

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

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established with said Bank. 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 District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amounts required to pay the interest on the Bond and to amortize the principal of the Bond over the life of the Bond issue.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with said Bank in the Reserve Account hereby established with said Bank, one-one hundred twentieth

of the maximum amount of principal of and interest on the Bond payable in any year, such sum being herein called the "Minimum Reserve". After the Minimum Reserve has been accumulated in the Reserve Account, the District shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due or for prepayment of installments or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$21,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of installments on the Bond as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

The said Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited by the District upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Government shall have a lien thereon for further securing payment of the Bond and the interest thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

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

The Fiscal Agent shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United

States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Additional User Contracts. The District shall, prior to delivery of the Bond, obtain user agreements from not less than 197 new bona fide full time users, and shall collect from such users, and deposit in the Project Construction Account, not less than \$9,850, based on a tap fee of \$50.

ARTICLE IV

GENERAL COVENANTS

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

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

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

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry

and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured at once if not now in effect, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons, or injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

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

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the

Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

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

(A) Failure to make payment of any monthly amortization installment on the Bond at the date specified for payment thereof;

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

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

Upon application by the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

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

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses

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

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

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The District will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	\$ 3.20 per 1,000 gallons
Next	3,000 gallons	3.00 per 1,000 gallons
Next	4,000 gallons	2.80 per 1,000 gallons
Next	10,000 gallons	2.50 per 1,000 gallons
All over	20,000 gallons	2.20 per 1,000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

5/8 x 3/4" meter or smaller	\$ 9.60
3/4" meter	13.82
1" meter	24.58
1 1/2" meter	55.30
2" meter	98.30
3" meter	221.18
4" meter	393.22
6" meter	884.74

TAP FEES FOR NEW SERVICE

Prior to award of construction contract \$50.00.  
After award of construction contract \$150.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

If any bill is not paid within 45 days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus a reconnection fee of \$ 10.00 have been paid.

#### MULTIPLE OCCUPANCY

Apartment buildings, or other multiple occupancy buildings, shall be provided with a master meter, and each family or business unit shall be required to pay not less than \$9.60 multiplied by the number of units on the site at the time the meter is read, as the actual charge for the water used or the size of the meter, whichever is greater. Motels and hotels shall pay according to the size of meter installed.

#### TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than \$9.60 multiplied by the number of units situated on the court site at the time the meter is read, or the actual charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment

of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted November 9, 1978.

William E. Jones  
Chairman of Public Service Board

Russell D. Queen  
Member

Lee Carries  
Member



HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1982

BOND RESOLUTION

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

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

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

"Bond" means the \$615,000 Water Revenue Bond, Series 1982, authorized hereby.

"1977 Bond" means the outstanding Waterworks Revenue Bond, Series A, of the Issuer described in Section 1.02(G) hereof.

"Bonds" means the Bond, and the 1977 Bond.

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

"Chairman" means the Chairman of the Governing Body.

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

"Extended System" means that part of the system expanded by the Project and to serve new customers of the Public Service District as described in the Public Service Commission's Order entered July 22, 1982.

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

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any of the Bonds.

"Issuer" means Hodgesville Public Service District of Upshur County, West Virginia, and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

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

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

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

"1977 Resolution" means the resolution of the Issuer adopted November 9, 1978, authorizing the 1977 Bond.

"Resolutions" means collectively the 1977 Resolution and the Bond Legislation.

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

"Secretary" means the Secretary of the Governing Body.

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1982," is hereby authorized to be issued in the aggregate principal amount of not exceeding Six Hundred Fifteen Thousand Dollars (\$615,000) for the purpose of financing a portion of the cost of construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, on a parity as to lien, pledge and all other respects with the 1977 Bond. The net revenues derived from the System in an

amount sufficient to pay the principal of and interest on the Bonds and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1982

HODGESVILLE PUBLIC SERVICE DISTRICT

\$615,000

No. 1

Date: August 9, 1982

FOR VALUE RECEIVED, HODGESVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Six Hundred Fifteen Thousand Dollars (\$615,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing on the 30th day following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and \$3,020, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act"), and a Resolution of the Public Service Board of the Borrower.

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

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

This Bond is on a parity in all respects with the 1977 Bond described in said Resolution.

HODGESVILLE PUBLIC SERVICE DISTRICT  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

Route 1, Post Office Box 352  
(P. O. Box No. or Street Address)

Buckhannon, West Virginia 26201  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Secretary, Public Service Board  
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$		(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	
				TOTAL	\$ _____

ASSIGNMENT

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_  
\_\_\_\_\_  
(Title)

### ARTICLE III

#### BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in ~~Central National Bank~~ <sup>Adrian Buckhannon Bank</sup>, Buckhannon, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Hodgesville Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the 15th day of each month, such sums as shall be from time to time required to make the monthly installments on the Bonds if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

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

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue

thereon, the Issuer further covenants with the Purchaser as follows, changes in the funds established and continued by the 1977 Resolution to be made as shown below:

A. REVENUE FUND. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1977 Resolution. The Revenue Fund is now on deposit with Central National Bank, Buckhannon, West Virginia. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided in the Resolutions.

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

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

(2) The Issuer shall next, on or before the due date, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond or otherwise the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective life of each Bond issue.

(3) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Account established by the 1977 Resolution with said Bank, (hereby redesignated as the "Reserve Fund") 1/12th of 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals the sum of \$50,000 such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for prepayment of

installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose. If the Issuer has accumulated not less than \$13,260 in the Reserve Fund, no further payments are required to be made therein on account of the 1977 Bond unless moneys should be withdrawn from the Reserve Fund.

(4) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve established by the 1977 Resolution with said bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$54,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

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

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a

lien thereon for further securing payment of the Bonds and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

The Fiscal Agent shall keep the moneys in the Reserve Fund (subject to Section 4.15) and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

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

D. USERS. The Issuer has not less than 219 existing bona fide full time users.

## ARTICLE IV

### GENERAL COVENANTS

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

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

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

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued, except with the prior written consent of the Purchaser.

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

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

amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

(d) Workmen's Compensation Coverage for all Employees of the Issuer Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 4.06. Statutory Mortgage. For the further protection of the Purchaser, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond and shall be for the equal benefit of the Bonds.

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

A. Failure to make payment of any monthly amortization installment on any of the Bonds at the date specified for payment thereof;

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

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an

appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

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

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

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

there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond shall not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the Extended System shall be as follows, subject to change consonant with the provisions hereof:

AVAILABILITY OF SERVICE

Available for general, domestic and industrial service.

RATE

First	3,000 gallons	\$4.00 per 1,000 gallons
Next	3,000 gallons	\$3.75 per 1,000 gallons
Next	4,000 gallons	\$3.50 per 1,000 gallons
Next	10,000 gallons	\$3.25 per 1,000 gallons
Over	20,000 gallons	\$3.00 per 1,000 gallons

(Minimum Monthly Bill - \$12.00)

MINIMUM CHARGE

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

5/8 inch meter	\$ 12.00 per month
3/4 inch meter	\$ 17.28 per month
1- inch meter	\$ 30.72 per month
1-1/2 inch meter	\$ 69.12 per month
2- inch meter	\$ 122.88 per month
3- inch meter	\$ 276.48 per month
4- inch meter	\$ 491.52 per month
6- inch meter	\$1,105.92 per month

DELAYED PAYMENT PENALTY

All water bills are payable when rendered. On any account not paid in full within twenty (20) days of billing date, ten per cent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after the billing date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills



ON FILE WITH DISTRICT





United States Department of Agriculture  
Rural Development

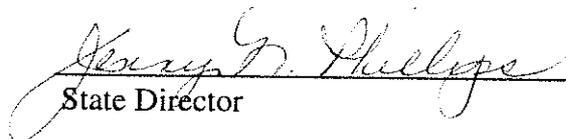
75 High Street, Room 320  
Morgantown, WV 26505-7500  
(304) 284-4860  
FAX (304) 284-4893  
TDD (304) 284-5941  
(For the Deaf or Hard of Hearing)

December 18, 2002

Hodgesville Public Service District  
Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

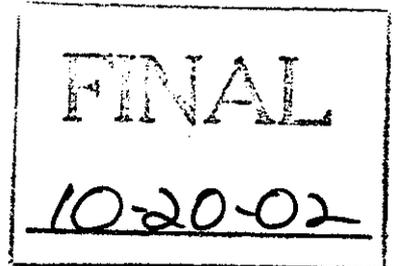
The undersigned duly authorized representative for the United States of America acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2002 A (United States Department of Agriculture) (the "Series 2002 A Bonds"), in the original aggregate principal amount of \$1,850,000, by Hodgesville Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2002 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 1977, dated July 16, 1979, issued in the original aggregate principal amount of \$225,000, the Water Revenue Bonds, Series 1982, dated August 9, 1982, issued in the original aggregate principal amount of \$615,000, the Rescheduled Water Revenue Bonds, Series 1977, dated September 1, 1997, issued in the original aggregate principal amount of \$9,945, and the Rescheduled Water Revenue Bonds, Series 1982, dated September 9, 1997, issued in the original aggregate principal amount of \$29,132 (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2002 A Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

  
State Director



**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

**Entered: September 30, 2002**



CASE NO. 02-0299-PWD-CN

**HODGESVILLE PUBLIC SERVICE DISTRICT.**

Application for a certificate of convenience and necessity to construct additional pumping and storage facilities and to extend water service.

**RECOMMENDED DECISION**

On March 6, 2002, Hodgesville Public Service District (District), Upshur County, filed an application with the Public Service Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct additional pumping and storage facilities and to extend water service in Upshur County.

On March 6, 2002, as revised on March 14, 2002, the Commission ordered the District to publish a Notice of Filing, thereby granting the public 30 days to protest or object and indicating that, if no one protests within the 30-day period, the Commission may waive formal hearing and grant the certificate upon reviewing the evidence submitted with the application. The Notice indicated that revenues generated from the proposed rates that are required to finance the project would increase by \$131,252 for residential customers and by \$40,632 for commercial customers, or a 72.9% increase, if the certificate is granted.

On April 19, 2002, Staff Attorney Cecelia G. Jarrell, Esquire, submitted the Initial Joint Staff Memorandum, attaching the April 9, 2002 Initial Internal Memorandum from Utilities Analyst Randy Lengyel, Water and Wastewater Division, and Staff Engineer Ralph Clark, P.E., Engineering Division. Commission Staff, observing that the application fails to include several essential and material documents, indicated that it would make a recommendation once it had completed its investigation.

On April 24, 2002, the Commission entered the Commission Referral Order in this proceeding, referring this case to the ALJ Division for decision on or before October 2, 2002, effectively 58 days prior to the end of the statutory deadline for the Commission to enter a final order.

As of May 31, 2002, the Commission's case file did not contain a publication affidavit indicating that the District had published the Notice of Filing.

Responding to all of the above, on May 31, 2002, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a Friday, July 19, 2002 hearing date. The May 31, 2002 Order also required that the District immediately submit a publication affidavit indicating compliance with the notice requirement if it already had published the Notice of Filing as previously required by the Commission.

On June 6, 2002, the District submitted the required publication affidavit, indicating that it had published the Notice of Filing on March 22, 2002, in *The Record Delta*, a newspaper published and generally circulated in Upshur County. The District requested that the Commission waive a formal hearing in this matter. Responding to this request, on June 6, 2002, the ALJ issued a Procedural Order, waiving the requirement to publish a notice of hearing.

On July 9, 2002, Staff Attorney Jarrell submitted the Final Joint Staff Memorandum, attaching the June 13, 2002 Final Internal Memorandum from Utility Analyst Lengyel, Water and Wastewater Division, and Technical Analyst-in-Training David W. Holley, Engineering Division. Together, these Memoranda comprise Commission Staff's final recommendation.

Commission Staff reported that the District purchases its water from the City of Buckhannon (Buckhannon) through two master meters, with the line from the Route 20 meter serving about 626 customers and the line from the Route 33 meter serving about 102 customers. The proposed project would extend service to about 186 new customers who would be served through the Route 20 master meter with a 6-inch line that totals about 25 miles in length.

The line will be mostly gravity fed from an existing 100,000-gallon tank and from a proposed 246,000-gallon tank. The District will have to construct a new 270 gallon per minute (GPM) pump station, which will serve both tanks and will supplement an existing 140 GPM pump station. The project also includes a 50 GPM booster station. The District has estimated that the total project cost, including approximately \$2,294,560 in construction costs, would be about \$3,100,000, or about \$16,667 per additional customer. Commission Staff, opining that the customer density of about 7.44 customers per mile of main is rather low, believes that the project's feasibility is questionable. However, since about one-half of the proposed cost would be funded with grant money, Commission Staff believes that the District should pursue the project.

The West Virginia Office of Environmental Health Services has issued Permit No. 15,095 to the District for the project. The proposed new customers to be served by the project currently have individual water wells as their water source, which are inconsistent in providing the quantity and quality of water necessary to serve those people. Many residents who would be served by the project have requested that the District extend public water service to them.

The project would increase the District's operation and maintenance (O&M) expenses by \$28,837. The project would be funded with a \$1,850,000 Rural Utilities Services (RUS) loan, bearing interest at the rate of 5.75% for 40 years, requiring a \$131,930 annual debt service (\$119,936

in principle and interest payments and \$11,994 in reserve). The remaining \$1,250,000 would be funded with a Small Cities Block (SCB) grant.

The total additional revenues required for the project would be \$160,767. The Staff-recommended rate increase would actually generate an additional \$171,306 in additional revenues, providing a \$6,161 cash flow surplus and a 113.25% debt coverage. Commission Staff opined that the project was financially feasible.

Commission Staff opined that, since no one has protested the project, the ALJ should cancel the hearing and grant the certificate application; approve the funding; approve the Staff-recommended rates; require that the District obtain additional Commission approval prior to commencing construction should the scope or the financing for the project change; require the District to submit a copy of the bids once they are received; and require the District to notify Commission Staff when the District's engineer has performed the substantial completion inspection.

However, Commission Staff hedged on one aspect of the project, i.e., the District has not provided the promised documentation from Buckhannon to indicate that Buckhannon can meet the additional water needs for the project. The January 14, 2000 Water Purchase Contract between Buckhannon and the District provides that Buckhannon will sell the District up to 7,500,000 gallons of water per month. Commission Staff is unclear whether this amount would meet the additional needs required by the project and/or whether Buckhannon has additional capacity should the project require more than this amount. Commission Staff suggested that the ALJ grant the District ten days to supply this documentation.

Responding to all of the above, on July 10, 2002, the ALJ issued an Order Canceling Hearing and Granting 10-Day Show Cause Notice, thereby granting the District ten days to produce the documentation from Buckhannon to prove that Buckhannon can provide the additional water needed for the project and that it is willing to do so.

On July 11, 2002, Staff Attorney Jarrell submitted a Further Final Joint Staff Memorandum, acknowledging that the District had submitted a letter by facsimile transmission on July 10, 2002, from Buckhannon. From this letter, Commission Staff still could not determine whether Buckhannon could provide the additional water for the project or whether it is willing to do so.

On July 17, 2002, the District submitted another letter, dated July 12, 2002, from its Manager, Terry Gould, indicating that, currently, the District uses 5,941,000 gallons of water per month. Mr. Gould opined that the proposed project would require 1,504,000 gallons of water per month, for a total of 7,445,000 gallons per month, which is just below the 7,500,000-gallon amount that Buckhannon is obligated to provide under the existing contract.

Responding to all of the above, on July 19, 2002, the ALJ issued an Order Requiring Publication, thereby requiring the District to satisfy all of the requirements of *West Virginia Code* §16-13A-1, *et seq.*, with regard to extending service into Harrison and Barbour Counties.

Upon a further and closer review, the ALJ realized that the Commission's case file did not contain evidence that the District had satisfied all of the pre-filing requirements of *West Virginia Code* §16-13A-25, which states in pertinent part:

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the public service district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: *Provided*, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: *Provided*, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

(c) The public service properties to be acquired or constructed, and the cost of the public service properties;

(d) The anticipated rates which will be charged by the public service district: *Provided*, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission.

Rule 10.3.b of the Commission's *Rules of Practice and Procedure (Procedural Rules)* requires the following:

10.3.b. Any public service district intending to file an application for a certificate of convenience and necessity shall, at least thirty (30) days prior to the date it intends to file its application, pre-file with the Commission's Executive Secretary, an original and twelve (12) copies of, a letter from the public service district attaching a completed Pre-Filing Notice in the form of Form No. 13, attached hereto, and a report describing the scope of the proposed project. (This report may be an engineering report if such report is available at the time of pre-filing.) (Only one copy of the engineering report is necessary.) At the same time that the public service district pre-files its application with the Commission, it shall; (1) give notice to the public of its pre-filing by publishing its Pre-Filing Notice in the form of Form No. 13 as a Class II legal advertisement in a qualified newspaper(s), published and of general circulation in each county where the public service district's customers reside, and (2) separately mail Form No. 13 to each of its resale customers, via certified mail, return receipt requested.

The public service district shall file affidavits of publication provided by the newspaper(s) with the Commission as soon as possible after the Pre-filing Notice of Filing is published.

Finding neither the Form 13 nor the publication affidavits indicating that the District had published it as a Class II legal advertisement, i.e., once a week for two consecutive weeks, as required, the ALJ issued the July 30, 2002 Order Requiring Publication, thereby directing that the District immediately submit this information to the Commission. The July 30, 2002 Order indicated that, if the District had not published the Pre-Filing Notice in the Counties of Harrison and Barbour, it must do so immediately and submit the publication affidavits as soon as they become available, but in any event all publication affidavits shall be submitted no later than Friday, August 23, 2002.

On July 31, 2002, the District submitted publication affidavits indicating that it had published the Notice of Filing on July 25, 2002, in *The Exponent-Telegram*, a newspaper published and generally circulated in Harrison County, and on July 24, 2002, in the *Barbour Democrat*, a newspaper published and generally circulated in Barbour County.

On August 22, 2002, the District submitted publication affidavits indicating that it had published the Notice of Pre-Filing on August 8 and 13, 2002, in *The Exponent-Telegram*, a newspaper published and generally circulated in Harrison County; on August 7 and 14, 2002, in *The Record Delta*, a newspaper published and generally circulated in Upshur County; and on August 7 and 14, 2002, in the *Barbour Democrat*, a newspaper published and generally circulated in Barbour County.

### DISCUSSION

Having considered all of the above, since no dispute remains to be resolved in this proceeding, the ALJ will consider the parties to have waived their rights under *West Virginia Code* §24-1-9(b) to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, or to a hearing.

The ALJ holds that, since the West Virginia Office of Environmental Health Services has issued Permit No. 15,095 to the District for the project; since the proposed new customers to be served by the project currently have individual water wells as their water source, which are inconsistent in providing the quantity and quality of water necessary to serve those people; since many residents who would be served by the project have requested that the District extend public water service to them; since the District has satisfied all of its publication requirements; since no one has protested the proposed project; since Commission Staff, opining that public convenience and necessity require the proposed project, recommended that the Commission approve the project, provided that the District demonstrate that Buckhannon is able and willing to provide the water necessary to supply the needs of the District as required by the proposed project; and since the District has documented that Buckhannon is willing to sell it 7,500,000 gallons of water per month, while the District's total projected water supply needs after implementing the project will be less than

7,500,000 gallons per month, he concludes that public convenience and necessity require the project. He will grant the application.

As recommended by Commission Staff, the ALJ will require that the District obtain additional Commission approval prior to commencing construction should the scope or the financing for the project change; require the District to submit a copy of the bids once they are received; and require the District to notify Commission Staff when the District's engineer has performed the substantial completion inspection.

Also, since the project will be funded with a \$1,850,000 RUS loan, bearing interest at the rate of 5.75% for 40 years, requiring a \$131,930 annual debt service (\$119,936 in principle and interest payments and \$11,994 in reserve), with the remaining \$1,250,000 to be funded with an SCB grant, and since Commission Staff opined that the project was financially feasible, he will approve the proposed financing for the project.

Finally, since the project will increase the District's O&M expenses by \$28,837; since the total additional revenues required for the project will be \$160,767; since the Staff-recommended rates will generate an additional \$171,306 in additional revenues, providing a \$6,161 cash flow surplus and a 113.25% debt coverage; and since Commission Staff opined that the project was financially feasible, he will approve the Staff-recommended rates, to become effective once the project is operational.

### FINDINGS OF FACT

1. Hodgesville Public Service District filed an application with the Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct additional pumping and storage facilities and to extend water service in the Counties of Upshur, Harrison and Barbour. (See, March 6, 2002 application).
2. The West Virginia Office of Environmental Health Services has issued Permit No. 15,095 to the District for the project. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).
3. The proposed new customers to be served by the project currently have individual water wells as their water source, which are inconsistent in providing the quantity and quality of water necessary to serve those people. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).
4. Many residents who would be served by the project have requested that the District extend public water service to them. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).
5. The District has satisfied all of its publication requirements. (See, Publication Affidavits in Commission's file).

6. No one has protested the proposed project. (See, Commission's file).
7. Commission Staff, opining that public convenience and necessity require the proposed project, recommended that the Commission approve the project, provided that the District demonstrate that Buckhannon is able and willing to provide the water necessary to supply the needs of the District as required by the proposed project. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).
8. The District has documented that Buckhannon is willing to sell it 7,500,000 gallons of water per month, while the District's total projected water supply needs after implementing the project will be less than 7,500,000 gallons per month. (See, July 17, 2002 letter; Commission's file).
9. Commission Staff has recommended that the Commission require that the District obtain additional Commission approval prior to commencing construction should the scope or the financing for the project change; require the District to submit a copy of the bids once they are received; and require the District to notify Commission Staff when the District's engineer has performed the substantial completion inspection. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).
10. The project will be funded with a \$1,850,000 RUS loan, bearing interest at the rate of 5.75% for 40 years, requiring a \$131,930 annual debt service (\$119,936 in principle and interest payments and \$11,994 in reserve), with the remaining \$1,250,000 to be funded with an SCB grant. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).
11. Commission Staff has opined that the project is financially feasible. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).
12. The project will increase the District's O&M expenses by \$28,837; the total additional revenues required for the project will be \$160,767; and the Staff-recommended rates will generate an additional \$171,306 in additional revenues, providing a \$6,161 cash flow surplus and a 113.25% debt coverage. (See, July 9, 2002 Final Joint Staff Memorandum, with attachment).

### CONCLUSIONS OF LAW

1. For all of the reasons set forth in Finding of Fact Nos. 1 through 8, it is reasonable to hold that public convenience and necessity require the proposed project and to grant the application.
2. For all of the reasons set forth in Finding of Fact No. 9, it is reasonable to direct that the District obtain additional Commission approval prior to commencing construction should the scope or the financing for the project change for any reason; require that the District submit a copy of the bids to the Commission once they are received; and require the District to notify Commission Staff when the District's engineer has performed the substantial completion inspection.

3. Since the project will be funded with a \$1,850,000 RUS loan, bearing interest at the rate of 5.75% for 40 years, requiring a \$131,930 annual debt service (\$119,936 in principle and interest payments and \$11,994 in reserve), with the remaining \$1,250,000 to be funded with an SCB grant, and since Commission Staff has opined that the project is financially feasible, it is reasonable to approve the proposed financing for the project.

4. Since the project will increase the District's O&M expenses by \$28,837; since the total additional revenues required for the project will be \$160,767; and since the Staff-recommended rate will generate an additional \$171,306 in additional revenues, providing a \$6,161 cash flow surplus and a 113.25% debt coverage, it is reasonable to approve the Staff-recommended rates for all service rendered once the proposed project becomes operational.

### **ORDER**

IT IS, THEREFORE, ORDERED that the March 6, 2002 application filed with the Commission by Hodgesville Public Service District under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct additional pumping and storage facilities and to extend water service in the Counties of Upshur, Harrison and Barbour be, and hereby is, approved.

IT IS FURTHER ORDERED the District be, and hereby is, directed to obtain additional Commission approval prior to commencing construction should the scope or the financing for the project change for any reason.

IT IS FURTHER ORDERED that the District be, and hereby is, directed to submit a copy of the bids to the Commission as soon as they are received.

IT IS FURTHER ORDERED that the District be, and hereby is, directed to notify Commission Staff when the District's engineer has performed the substantial completion inspection.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of a \$1,850,000 RUS loan, bearing interest at the rate of 5.75% for 40 years, requiring a \$131,930 annual debt service (\$119,936 in principle and interest payments and \$11,994 in reserve), with the remaining \$1,250,000 to be funded with an SCB grant, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates, as set forth in Appendix A attached hereto, be, and hereby are, approved for all service rendered after the proposed project becomes operational.

IT IS FURTHER ORDERED that, within thirty (30) days of completing the project and placing it in operation, the District be, and hereby is, directed to submit to the Commission a proper tariff and at least five copies setting forth the rates and charges hereby approved.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's recommended decision by filing an appropriate petition in writing with the Executive 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 recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



**Ronnie Z. McCann**  
Deputy Chief Administrative Law Judge

**RZM:s**  
020299ae.wpd



**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

CASE NO. 02-0299-PWD-CN

HODGESVILLE PUBLIC SERVICE DISTRICT.

Application for a certificate of convenience and necessity to construct additional pumping and storage facilities and to extend water service.

**APPROVED RATES AND CHARGES**

**APPLICABILITY**

Applicable in entire territory served.

**AVAILABILITY OF SERVICE**

Available for general domestic, commercial and industrial service.

**METERED RATES**

First	2,000 gallons used per month	\$7.25 per 1,000 gallons
Next	8,000 gallons used per month	\$6.25 per 1,000 gallons
All over	10,000 gallons used per month	\$5.30 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	\$ 14.50 per month
3/4-inch meter	\$ 21.75 per month
1-inch meter	\$ 36.28 per month
1½-inch meter	\$ 72.50 per month
2-inch meter	\$116.00 per month
3-inch meter	\$217.50 per month
4-inch meter	\$362.00 per month
6-inch meter	\$725.00 per month

**DEBT SERVICE RESERVE SURCHARGE**

\$3.50 per customer per month, for a period of twelve (12) months beginning with the first billing per the Commission's Final Order issued in Case No. 01-1432-PWD-19A.

DELAYED PAYMENT PENALTY

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

CONNECTION FEE

Prior to construction	\$100.00
After construction	\$300.00

RECONNECTION CHARGE

\$15.00

LEAK ADJUSTMENT INCREMENT

\$1.67 per 1,000 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 shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the District shall be the District's charge to the customer for such returned check and under no circumstances shall the fee collected by the District exceed \$15.00.



**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE Board of Directors  
OF THE Hodgesville Public Service District  
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Water System  
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Hodgesville Public Service District  
(Public Body)  
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of  
ONE MILLION EIGHT HUNDRED FIFTY THOUSAND AND XX / 100

pursuant to the provisions of Chapter 16, Article 13A of the WV Code; and

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

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

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other 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.
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 facility will be permitted.



**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as Chairman of the Hodgesville Public Service District

hereby certify that the Board of Directors of such Association is composed of

3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and

held on the 3rd day of April 2000; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of December 18th, 2002, 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, 2002

Robert B. Knight

Title Chairman



HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)

RECEIPT FOR BOND

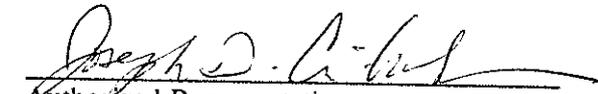
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 18th day of December, 2002, at Buckhannon, West Virginia, the undersigned received for the Purchaser the single, fully registered Hodgesville Public Service District Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$1,850,000 (the "Bonds"), dated the date hereof, bearing interest at the rate of 4.875% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

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

3. At the time of such receipt, there was paid to the Issuer the sum of \$176,300, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 18th day of December, 2002.

  
Authorized Representative

09/03/02  
415080.00001





# SPECIMEN

HODGESVILLE PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2002 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,850,000

No. AR-1

Date: December 18, 2002

FOR VALUE RECEIVED, HODGESVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$1,850,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$8,936, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted December 16, 2002, authorizing issuance of this Bond (the "Resolution").

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

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

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

- 1) WATER REVENUE BONDS, SERIES 1977, DATED JULY 16, 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000;
- 2) WATER REVENUE BONDS, SERIES 1982, DATED AUGUST 9, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$615,000;
- 3) RESCHEDULED WATER REVENUE BONDS, SERIES 1977, DATED SEPTEMBER 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,945; AND
- 4) RESCHEDULED WATER REVENUE BONDS, SERIES 1982, DATED SEPTEMBER 9, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$29,132.

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

HODGESVILLE PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

  
Chairman, Public Service Board  
Drawer C  
Hodgesville, West Virginia 25831

ATTEST:

  
Secretary, Public Service Board



(Form of Assignment)

ASSIGNMENT

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

\_\_\_\_\_

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

In the presence of:

\_\_\_\_\_

12/10/02  
415080.00001



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HODGESVILLE PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2002 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

REGISTRATION BOOK

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

<u>Bond No.</u>	<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>
<u>AR-1</u>	<u>December 18, 2002</u>	<u>United States of America</u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>
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12/10/02  
415080.00002



December 18, 2002

Hodgesville Public Service District  
Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)

Hodgesville Public Service District  
Buckhannon, West Virginia

United States Department of Agriculture  
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Hodgesville Public Service District in Upshur County, West Virginia (the "Issuer"), of its \$1,850,000 Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted December 16, 2002 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's Water Revenue Bonds, Series 1977, dated July 16, 1979, issued in the original aggregate principal amount of \$225,000, the Water Revenue Bonds, Series 1982, dated August 9, 1982, issued in the original aggregate principal amount of \$615,000, the Rescheduled Water Revenue Bonds, Series 1977, dated September 1, 1997, issued in the original aggregate principal amount of \$9,945, and the Rescheduled Water Revenue Bonds, Series 1982, dated September 9, 1997, issued in the original aggregate principal amount of \$29,132 (collectively, the "Prior Bonds").

CH506916.1



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

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

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

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

Very truly yours,

  
STEPTOE & JOHNSON PLLC



**WILLIAM C. THURMAN**

Attorney at Law  
Rt.3, Box 245 CC

WV Bar #3759

Buckhannon, WV 26201-9435  
(304) 473-1900

Fax: (304) 472-5673  
E-Mail: wthurman@msys.net

December 18, 2002

Hodgesville Public Service District  
Water Revenue Bonds, Series 2002A  
(United States Department of Agriculture)

Hodgesville Public Service District  
Buckhannon, West Virginia

United States Department of Agriculture  
Elkins, West Virginia

Steptoe & Johnson PLLC  
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to Hodgesville Public Service District, a public service district in Upshur County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted December 16, 2002 (the "Resolution"), other documents and papers relating to the Issuer and the above captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Upshur County, West Virginia relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

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



HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Hodgesville Public Service District in Upshur County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Hodgesville Public Service District Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$1,850,000 and bearing interest at the rate of 4.875% per annum (the "Bonds" or the "Series 2002 A Bonds"), as follows:

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

March 20, 2000, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted December 16, 2002, authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

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

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

The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on October 20, 2002, in Case No. 02-0299-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges. The time for appeal of the Final Order has expired prior to the date hereof.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1977, dated July 16, 1979, issued in the original aggregate

principal amount of \$225,000, the Water Revenue Bonds, Series 1982, dated August 9, 1982, issued in the original aggregate principal amount of \$615,000, the Rescheduled Water Revenue Bonds, Series 1977, dated September 1, 1997, issued in the original aggregate principal amount of \$9,945, and the Rescheduled Water Revenue Bonds, Series 1982, dated September 9, 1997, issued in the original aggregate principal amount of \$29,132 (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2002 A Bonds as to liens, pledge and/or source of and security for payment.

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

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

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

Bond Resolution

1979 Bond Resolution

1982 Bond Resolution

1997 Bond Resolution

Consent to Issuance of Parity Bonds

Public Service Commission Order

United States Department of Agriculture Loan Resolution

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

United States Department of Agriculture Letter of Conditions and Closing Instructions

Evidence of Grant from the Small Cities Block Grant Program

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Robert Wright	August 5, 2000	August 5, 2006
Roger Ward	August 5, 2002	August 5, 2008
Donnie Kincaid	August 5, 1998	August 5, 2004

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2002 are as follows:

Chairman	-	Robert Wright
Secretary/Treasurer	-	Roger Ward
Member	-	Donnie Kincaid

The duly appointed and acting Attorney for the Issuer is William C. Thurman Esquire, Buckhannon, West Virginia.

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

At the time of delivery of the Bonds, the amount of \$176,300 was received by the undersigned Chairman, being a portion of the principal amount of Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.875% per annum is payable from the date of each such advance.

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

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

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

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

12. CONNECTIONS, ETC.: The Issuer will serve at least 1,007 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

14. GRANTS: As of the date hereof, the grant from the Small Cities Block Grant Program in the amount of \$1,250,000 are committed and in full force and effect.

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

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

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

WITNESS our signatures and the official seal of HODGESVILLE PUBLIC SERVICE DISTRICT on this 18th day of December, 2002.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Robert T. Wright

Chairman

Blaine W. Kincard

Secretary

William C. Thomas

Attorney for Issuer

09/03/02  
415080.00001



HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

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

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

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

WITNESS my signature on this 18th day of December, 2002.

THRASHER ENGINEERING, INC.

  
H. Wood Thrasher, P.E.  
West Virginia License No. 9478

09/03/02  
415080.00001



THURSDAY, APRIL 1st, 1976

At a regular meeting of the County Commission of Upshur County, West Virginia, held at the Courthouse thereof, on Thursday, April 1st, 1976, there were present George H. Reasing, Jr., President of said Commission, Wilson C. Harper, Commissioner; and William C. Thurman, County Administrator.

THURSDAY, APRIL 1st, 1976

AN ORDER PROPOSING THE CREATION OF A PUBLIC SERVICE DISTRICT WITHIN UPSHUR COUNTY, WEST VIRGINIA; FIXING A DATE OF HEARING ON THE CREATION OF SAID PUBLIC SERVICE DISTRICT; AND, PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING.

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code, the County Commission of Upshur County, West Virginia, upon its own motion, does hereby propose the creation of a public service district within Upshur County, West Virginia; and,

WHEREAS, pursuant to said provisions of the West Virginia Code, this County Commission is required to fix a date of hearing in said County on the creation of the proposed public service district:

NOW, THEREFORE, Be It and It Is Hereby Ordered by the County Commission of Upshur County, West Virginia, as follows:

Section 1. That the County Commission of Upshur County, West Virginia, does set forth the following provisions:

(a) The name and corporate title of said public service district shall be the "Hodgesville Public Service District".

(b) The territory to be embraced in said public service district shall be as follows: Beginning at the center line intersection of U. S. Route 119 and West Virginia Secondary Route 4, thence N. 60° 50' E. 0.10 miles to a point on a ridge line; thence with the ridge in a northerly direction 0.81 miles to a point; thence leaving the ridge East 0.43 miles to a point in middle of the Buckhannon River; thence down river with the center line of the river 11.89 miles to the Upshur-Barbour County line; thence leaving the river and in a northwesterly direction 7.91 miles with the Upshur-Barbour county line to the common corner of Upshur-Barbour-Harrison County; thence with the Harrison-Upshur County line in a southwesterly direction 1.76 miles to a point; thence leaving the Harrison-Upshur County line 5.31 miles along a ridge line which divides the watersheds of Hacker's Creek and Peck's Run to a point in the center line of West Virginia Secondary Route 1; thence

THURSDAY, APRIL 1st, 1976

with a new ridge line 6.75 miles along the ridge line dividing the watersheds of Hacker's Creek and Turkey Run to a point on the Buckhannon-Warren Magisterial District line; thence with the Buckhannon-Warren Magisterial District line 3.26 miles in a southeasterly direction to a point; thence leaving the Buckhannon-Warren Magisterial District line 1.40 miles with a ridge line to a point; thence leaving the ridge line S. 48° 10' E. 0.34 miles to the beginning containing 28.49 square miles, more or less, all of which is located in Buckhannon and Warren Magisterial Districts of Upshur County, West Virginia, as shown, delineated and set forth upon a map prepared by Hornor Brothers Engineers, Clarksburg Community Bank Building, Clarksburg, West Virginia, dated October 1975, revised February 25, 1976.

(c) The purpose of said public service district shall be to construct or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water services within such territory and also outside such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 2. That on the 5th day of May, 1976, at the hour of 7:00 o'clock P. m., this County Commission shall meet in the Hodgesville Grade School in Hodgesville, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public service district, at which time and place, all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Commission and shall have an opportunity to be heard for and against the creation of said district.

THURSDAY, APRIL 1st, 1976

and at such hearing, this County Commission shall consider and determine the feasibility of the creation of the proposed public service district.

Section 3. That the Clerk of this County Commission is hereby authorized and directed to cause notice of such hearing in substantially the form hereinbefore set forth to be published on the 22nd day of April, 1976, in the Buckhannon Record, a newspaper of general circulation published in Upshur County, and also in the Republican-Delta, a newspaper of general circulation published in Upshur County, West Virginia.

APPROVED

APR 1 1976  
*George F. Rossing Jr.*  
PRESIDENT

Ordered that this Commission do adjourn until Thursday, April 8th, 1976.

*George F. Rossing Jr.* President

STATE OF WEST VIRGINIA,  
Upshur County, ss:

I, Ronald J Pugh, Clerk of the County Commission of Upshur County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Law Order Book No. 9 at page No. 412.  
Given under my hand and the seal of said Commission this 16 day of September, 19 77

*Ronald J. Pugh*  
By: *Pauline J. Hodgkiss, Deputy* Clerk County Commission

THURSDAY, MAY 6th, 1976

At a regular meeting of the County Commission of Upshur County, West Virginia, held at the Courthouse thereof, on Thursday, May 6th, 1976, there were present George H. Roosing Jr., President of said Commission; Wilson C. Harper and Dalton E. Outright, Commissioners; and William C. Thurman, County Administrator.

THURSDAY, MAY 6th, 1976

A RESOLUTION AND ORDER CREATING  
THE HODGESVILLE PUBLIC SERVICE  
DISTRICT IN UPSHUR COUNTY, WEST  
VIRGINIA

WHEREAS, the County Commission of Upshur County, West Virginia, did heretofore by a resolution and order adopted April 1, 1976, fix a date for a public hearing on the creation of the proposed Hodgesville Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the creation of said district; and,

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

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

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

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

\*Beginning at the center line intersection of U. S. Route 119 and West Virginia Secondary Route 4, thence N. 60° 50'

E. 0.10 miles to a point on a ridge line; thence with the ridge in a northerly direction 0.81 miles to a point; thence leaving the ridge East 0.43 miles to a point in middle of the Buckhannon River; thence down river with the center line of the river 11.89 miles to the Upshur-Barbour County line; thence leaving the river and in a northwesterly direction 7.91 miles with the Upshur-Barbour county line to the common corner of Upshur-Barbour-Harrison County; thence with the Harrison-Upshur County line in a southwesterly direction 1.76 miles to a point; thence leaving the Harrison-Upshur County line 5.31 miles along a ridge line which divides the watersheds of Hacker's Creek and Peck's Run to a point in the center line of West Virginia Secondary Route 1; thence with a new ridge line 6.75 miles along the ridge line dividing the watersheds of Hacker's Creek and Turkey Run to a point on the Buckhannon-Warren Magisterial District line; thence with the Buckhannon-Warren Magisterial District line 3.26 miles in a southeasterly direction to a point; thence leaving the Buckhannon-Warren Magisterial District line 1.40 miles with a ridge line to a point; thence leaving the ridge line S. 48° 10' E. 0.34 miles to the beginning containing 28.49 square miles, more or less, all of which is located in Buckhannon and Warren Magisterial Districts of Upshur County, West Virginia, as shown, delineated and set forth upon a map prepared by Hornor Brothers Engineers, Clarksburg Community Bank Building, Clarksburg, West Virginia, dated October 1975, revised February 25, 1976."

Section 2. That said public shall have

STATE OF WEST VIRGINIA,  
Upshur County, ss:

I, Ronald J Pugh Clerk of the County Commission of Upshur County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Law Order Book No. 9 at page No. 448.  
Given under my hand and the seal of said Commission this 16 day of September, 1977.

Ronald J. Pugh  
By: Pauline J. Hodgkinson, Deputy Clerk County Commission

Ordered that this Commission do adjourn until Thursday, May 13th, 1976.  
President

WEDNESDAY, MAY 6th, 1976

E. 0.10 miles to a point on a ridge line; thence with the ridge in a northerly direction 0.81 miles to a point; thence leaving the ridge East 0.43 miles to a point in middle of the Buckhannon River; thence down river with the center line of the river 11.89 miles to the Upshur-Barbour County line; thence leaving the river and in a northwesterly direction 7.91 miles with the Upshur-Barbour county line to the common corner of Upshur-Barbour-Harrison County; thence with the Harrison-Upshur County line in a southwesterly direction 1.76 miles to a point; thence leaving the Harrison-Upshur County line 5.31 miles along a ridge line which divides the watersheds of Hacker's Creek and Peck's Run to a point in the center line of West Virginia Secondary Route 1; thence with a new ridge line 6.75 miles along the ridge line dividing the watersheds of Hacker's Creek and Turkey Run to a point on the Buckhannon-Warren Magisterial District line; thence with the Buckhannon-Warren Magisterial District line 3.26 miles in a southeasterly direction to a point; thence leaving the Buckhannon-Warren Magisterial District line 1.40 miles with a ridge line to a point; thence leaving the ridge line S. 48° 10' E. 0.34 miles to the beginning containing 28.49 square miles, more or less, all of which is located in Buckhannon and Warren Magisterial Districts of Upshur County, West Virginia, as shown, delineated and set forth upon a map prepared by Hornor Brothers Engineers, Clarksburg Community Bank Building, Clarksburg, West Virginia, dated October 1975, revised February 25, 1976."

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

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

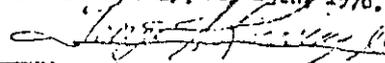
ADOPTED BY THE COUNTY COMMISSION the 6th day of May, 1976.

  
President

ATTEST:

  
Clark

Ordered that this Commission do adjourn until Thursday, May 13th, 1976.

  
President

AFFIDAVIT OF FACT

STATE OF WEST VIRGINIA,  
COUNTY OF UPSHUR, to-wit:

William E. James, being first duly sworn, deposes and states upon his oath as follows:

My name is William E. James and I reside at Route 1, Box 352, Buckhannon, Upshur County, West Virginia.

I posted a true copy of the attached Notice of Public Hearing in each of the following five (5) conspicuous places situate in the proposed Hodgesville Public Service District, all of which said Notices were posted at least ten (10) days prior to May 5, 1976, the date of a hearing before the County Commission of Upshur County, West Virginia, which said Notices contain the same information as was contained in the Notice of such public hearing which was published as required by statute:

<u>Place</u>	<u>Date</u>
Herb Swecker's Store	April 15, 1976
Hodgesville Church	April 16, 1976
Hodgesville School	April 19, 1976
Marple's Grocery	April 16, 1976
Mt. Lebanon Church	April 18, 1976

And further affiant saith not.

William E. James  
William E. James

Taken, subscribed, sworn to and acknowledged before the undersigned Notary Public by William E. James this 24<sup>th</sup> day of May, 1978.

My commission expires: the 5<sup>th</sup> day of February, 1986.

Eva K. Cochran-Hawes  
Notary Public

NOTICE OF PUBLIC HEARING

On the 5th day of May, 1976, at 7:00 O'clock p.m., the County Commission of Upshur County, West Virginia, shall meet in the Hodgesville Grade School, in Hodgesville, West Virginia, for the purpose of conducting a public hearing on the creation of a proposed Public Service District, to be known as the Hodgesville Public Service District, at which time and place, all persons residing in or owning or having any interest in property in the proposed public service district may appear before the Upshur County Commission and shall have an opportunity to be heard for and against the creation of said District, and at such hearing, the Upshur County Commission shall consider and determine the feasibility of the creation of said proposed Public Service District.

The territory to be embraced in said Public Service District shall be as follows:

Beginning at the center line intersection of U. S. Route 119 and West Virginia Secondary Route 4, thence N. 60° 50' E. 0.10 miles to a point on a ridge line; thence with the ridge in a northerly direction 0.81 miles to a point; thence leaving the ridge East 0.43 miles to a point in middle of the Buckhannon River; thence down river with the center line of the river 11.29 miles to the Upshur-Barbour County line; thence leaving the river and in a north-westerly direction 7.91 miles with the Upshur-Barbour county line to the common corner of Upshur-Barbour-Harrison County; thence with the Harrison-Upshur County line in a southwesterly direction 1.76 miles to a point; thence leaving the Harrison-Upshur County line 5.31 miles along a ridge line which divides the watersheds of Hacker's Creek and Peck's Run to a point in the center line of West Virginia Secondary Route 1; thence with a new ridge line 6.75 miles along the ridge line dividing the watersheds of Hacker's Creek and Turkey Run to a point on the Buckhannon-Warren Magisterial District line; thence with the Buckhannon-Warren Magisterial District line 3.26 miles in a southeasterly direction to a point; thence leaving the Buckhannon-Warren Magisterial District line 1.40 miles with a ridge line to a point; thence leaving the ridge line S. 48° 10' E. 10.34 miles to the beginning containing 28.49 square miles, more or less, all of which is located in Buckhannon and Warren Magisterial Districts of Upshur County, West Virginia, as shown, delineated and set forth upon a map prepared by Hornor Brothers Engineers, Clarksburg Community Bank Building, Clarksburg, West Virginia, dated October 1975, revised February 25, 1976.

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Virginia K. Murray, Clerk  
Upshur County Commission

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BOOK Q26 PAGE 609

UPSHUR COUNTY COMMISSION MEETING  
THURSDAY, AUGUST 31, 2000

The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, August 31, 2000. The meeting was called to order by Donnie R. Tenney. There were present Donnie R. Tenney, President; Rick E. Rice, Commissioner; Joyce L. Harris-Thacker, Commissioner; William A. Parker, Administrator; and Terri Jo Bennett, Administrative Assistant. The meeting began with a moment of Silent Meditation, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

Cathy Collins, E-911 Director, appeared before the Commission to have a street name request approved. After discussion, on motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission approved the recommendation from Cathy Collins of Sherwood Drive or Hummingbird Lane for a drive off the Brushy Fork Road. Cathy Collins is to follow-up with Mr. & Mrs. Phillips on which street name is preferred. (copy included)

Cathy Collins presented a resignation letter from Thomas Young, part-time E-911 dispatcher. (copy included) On motion by Joyce L. Harris-Thacker, seconded by Rick E. Rice, the Commission approved this resignation. The Commission discussed the pay for Communication Center employees.

Donnie R. Tenney reviewed the appointments to the LEPC board with Cathy Collins. Cathy Collins is to make corrections.

Christy Gaudet, SYC Director, appeared before the Commission to request employment of the School Day Plus Coordinator. On motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission approved the recommendation from Christy Gaudet and the Upshur County Youth Council Inc. to employ Menda Hosea. Date of employment will begin September 5, 2000 at a rate of \$12.00 per hour. (copy included)

On motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission accepted the recommendation from the Upshur County Youth Council Inc. to approve their Constitution and By-Laws. (copy included)

The Commission received a request from Dr. Mary Alice Klein, Superintendent of Upshur County Schools, to use 4 sets of bleachers during the football season at the Buckhannon-Upshur Middle School. After discussion, on motion by Joyce L. Harris-Thacker, seconded by Rick E. Rice, the Commission approved this request. (copy included)

On motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission approved the recommendation from the Hodgesville PSD to re-appoint Robert Wright. (copy included)

On motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission approved the recommendation from the Upshur County Development Authority regarding the appoint of members to the UCDA Board. (copy included)

After discussion, on motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission approved the list of appointments to the LEPC Board with corrections and additions. Cathy Collins is to follow-up.

William A. Parker advised that he would be in contact with Alex Ross, Prosecuting Attorney, regarding the Upshur County Fire Board.

The Commission received a letter from Noel Tenney, Upshur County Historical Society. (copy included) After discussion, on motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission authorized Donnie Tenney to serve as the Commission appointee to the Celebration Committee.

On motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker the Commission approved the request from the American Red Cross to store items in the old jail facility that will be distributed to area flood victims. (copy included)

Joyce L. Harris-Thacker requested an executive session. On motion by Joyce L. Harris-Thacker, seconded by Rick E. Rice, the Commission entered executive session at 10:15 a.m. to discuss personnel as per WV Code 6-9A-4. In attendance were Donnie R. Tenney, Rick E. Rice and Joyce L. Harris-Thacker. No decisions were made in executive session and the Commission returned to open session at 12:05 p.m.

The Commission recessed at 12:05 p.m.

The Commission returned to open session at 1:30 p.m.

The Commission approved the following Requisitions for Purchase Orders: (copy included)

The Commission approved the following Invoices: (copy included)

The Commission approved the following Final Settlement:

Delphis Ernest Tenney, Estate - FS

BOOK 026 PAGE 610 UPSHUR COUNTY COMMISSION MEETING  
THURSDAY, AUGUST 31, 2000

The Commission approved all Vacation Orders.

The Commission approved the following Exonerations: (copies included)

Aubry Wilson Landscaping Central WV Nursery - \$31.79 - #0615  
 Enervest - \$721.35 - #0617  
 Devona & Rodney Butler - \$91.06 - #0624  
 Enervest - \$682.93 - #0616  
 Russell & Sharon Robinson - \$42.44 - #0614  
 Henry Linger - \$69.00 - #0622  
 Eastern American Energy - \$319.95 - #0621  
 John Carr - \$265.33 - #0618  
 Eastlawn Corp. - \$655.13 - #0620  
 Banc One Acceptance Corp - \$140.50 - #0623

The Commission approved the following Corrective ticket: (copy included)

Peak Land Development Co - \$292.85 - #0619

The Commission received the following Information: (copies included)

1. Correspondence from NACO
2. Correspondence from the WV Association of Counties

3. Meetings:

9/1/00 - 1:00 p.m. - Adrian PSD  
 9/5/00 - 7:00 p.m. - Enhanced Emergency Telephone Advisory Board  
 9/11/00 - 4:30 p.m. - Upshur County Solid Waste Authority  
 9/11/00 - 6:00 p.m. - Buckhannon-Upshur Parks & Recreation Board  
 9/11/00 - 7:00 p.m. - Upshur County Family Resource Network  
 9/12/00 - 7:00 a.m. - Buckhannon-Upshur Airport Authority  
 9/12/00 - 6:00 p.m. - Elkins Road PSD  
 9/13/00 - 7:00 p.m. - Upshur County Litter Control Board  
 9/14/00 - 1:00 p.m. - Upshur County Policy Board  
 9/14/00 - 3:30 p.m. - Tennerton PSD  
 9/14/00 - 7:00 p.m. - Upshur County Youth Council --- SYC  
 9/14/00 - 7:00 p.m. - Enforcement Board --- SS&S Ordinance  
 9/20/00 - 10:00 a.m. - James W. Curry Park & Library Board  
 9/20/00 - 4:00 p.m. - Upshur County Public Library Board  
 9/20/00 - 7:00 p.m. - Lewis-Upshur LEPC  
 9/21/00 - 6:00 p.m. - Upshur County Youth Camp Board  
 9/25/00 - 7:00 p.m. - Region VII Planning & Development Council  
 9/28/00 - 4:00 p.m. - Upshur County Abstinence Coalition

4. Appointments needed:

Buckhannon-Upshur Airport Authority-(Vacancy 6/30/99)-City  
 Buckhannon-Upshur Board of Health-(Larry Carpenter 6/30/00) - County  
 Elkins Road PSD-(Carey Wagner 9/30/00)-County  
 Hodgesville PSD-(Robert Wright 8/05/00)-County  
 Region VII Planning & Development Council-Vacant-County  
 Upshur County Civil Service Board-(Roy D. Law 12/31/00)-Bar Assoc.  
 Upshur County Development Authority-7 Positions - 6/30/00

With no further business, the meeting adjourned at 4:30 p.m.

Hodgesville Public Service District  
188 Fayette Street  
Buchanan, West Virginia 26201

Upshur County Development Authority Board  
Election of New Members

AUGUST 24, 2000

WILLIAM A. PARKER  
COUNTY ADMINISTRATOR  
38 W. MAIN STREET  
ROOM 302  
BUCKHANNON, WV 26201

DEAR MR. PARKER:

THIS LETTER IS TO REQUEST THAT ROBERT WRIGHT'S TERM WITH THE HODGESVILLE PSD BE RENEWED. HIS CURRENT TERM EXPIRED ON AUGUST 3, 2000.

THANK YOU.

*Terry R. Gould*  
TERRY R. GOULD, MANAGER  
HODGESVILLE PSD

Existing Term 7 Members

- J. David Thomas
- Jim Cable
- Wayne Griffith
- Sam Linton
- Richard Hoover
- Dale Dammal
- Richard Trinn

New 7 Member Recommendation

- David Altier - Postal Service
- John Sandy - Upshur
- Rab Henderson - Carhart

Continued Service

- Wayne Griffith
- Sam Linton (Not able to attend morning meetings, evening or lunch is better)
- Richard Hoover
- Richard Trinn

AUG-25-00 PM 08:28 AM UPSHUR CO COMM CENTER 284 472 2178 P.01

AUG-25-00 PM 08:28 AM UPSHUR CO COMM CENTER 284 472 2178 P.02

WEST VIRGINIA



STATE EMERGENCY RESPONSE COMMISSION  
STATE CAPITOL, ROOM 9000, 5000 15TH  
CHARLESTON, WV 25309  
JAN 13/2000

August 17, 2000

CEC, N. UMBARGER  
80732808

JOHN W. FACK, JR.  
CHAIRMAN

LEWIS/UPSHUR LEPC  
MEMBERSHIP LIST  
8-9-00

Mr. Steve Milligan  
Lewis/Upshur County LEPC Chairperson  
11 Park Street  
Buchanan, WV 26201

Dear Mr. Milligan:

On August 14, 2000 the State Emergency Response Commission (SERC) reviewed and approved the Lewis/Upshur County LEPC membership list submitted on that date.

I have enclosed a copy of the approved membership list.

Sincerely,

*John W. Fack, Jr.*  
John W. Fack, Jr.  
Chairman

cc: County OES Director

Enclosure: LEPC membership list

JW7/DW/ds

- GEORGE WATLAND *Whelan* BROADCAST/PRINT MEDIA  
Western Democrat Newspaper
- PHIL PHILLIPS BROADCAST/PRINT MEDIA  
WBUC/Eaten-Mountain
- CAROL J WALTON BROADCAST/PRINT MEDIA  
WBUC/Eaten-Mountain
- DIRK BURNSIDE COMMUNITY GROUP  
RACES
- ANGELA CARPENTER COMMUNITY GROUP  
American Red Cross
- CONNIE HALL COMMUNITY GROUP  
American Red Cross
- BRYAN MURPHY COMMUNITY GROUP  
Citizen
- SEAN SLEIGH OWNER/OPERATOR  
ONG Cases (related Natural Gas)
- MIKE HOWARD OWNER/OPERATOR  
Tom John Mobililia
- DAVID CURRY OWNER/OPERATOR  
Tom John Mobililia

UPSHUR COUNTY COMMISSION MEETING  
MAY 2, 2002

BOOK

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The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, May 2, 2002, at 9:00 a.m. The meeting was called to order by Kenneth T. Davidson. There were present Kenneth T. Davidson, Commissioner; Donnie R. Tenney, Commissioner; Stephen P. Abel, Commissioner; William A. Parker, Administrator and Terri Jo Bennett, Secretary. The meeting began with a moment of Silent Meditation, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

Debbie Miller, Upshur County Youth Camp, appeared before the Commission and presented a list of part-time seasonal employees. After discussion, on motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the recommendations. (copies included)

On motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the minutes of April 25, 2002 with a correction.

After discussion, on motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the closing of the courthouse on Thursday, May 16<sup>th</sup>, 2002 at 4:30 p.m. and on Friday May 17<sup>th</sup>, 2002 at 12:00 p.m. due to activities located around the Courthouse concerning the WV Strawberry Festival.

The Commission discussed the request from the County Clerk to have a hearing regarding the Joyce Stockert Estate. The Commission approved the date of June 6, 2002 at 1:00 p.m. via the General Consent Rule.

On motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the volunteer application for Daniel Edgel for the Lewis-Upshur Dog Pound Facility. (copy included)

William A. Parker provided an update/status report on the Upshur County Web page. No action was taken by the Commission and William A. Parker was requested to follow-up with Chris Bays and provide a presentation at the next meeting.

On motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the recommendation to appoint Donnie Kincaid to the Hodgesville PSD. (copy included) Terri Jo Bennett is to follow-up.

The Commission discussed the joint City/County meeting scheduled for May 30, 2002. Andy Losh, WV Watch Program Coordinator, appeared before the Commission and provided an update/status report on the program.

Dave Hinkle, Vice President of Upshur County Fire Fighters Association, appeared before the Commission and requested the establishment of the Upshur County Fire Board Inc. per the compliance of the court order. (copies included) On motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the request. William A. Parker was requested to draft required documentation to comply with the court order.

After review by William A. Parker, on motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the increase of administrative cost for the Elkins Road PSD Phase II - Waterline Extension. (copy included) (NOTE: Item was not on the agenda but because of time restraint the Commission took official action)

The Commission recessed at 9:45 a.m.

The Commission reconvened at 10:00 a.m.

The Commission approved the following Final Settlements:

Allen R. Collins - FS

Roy L. Stout - FS

Frank David McCann - FS

The Commission approved the following Annual Settlements:

Russic L. Poling VanGilder Trust - 2<sup>nd</sup> Annual Settlement

Jessie W. Wilson - Annual Settlement

The Commission approved the following Consolidation:

Meade District - Charles & Henry Blagg

The Commission approved the following Exoneration:

Dorothy Heater - #0935

The Commission approved the following Request to Attend Meetings: (copy included)

The Commission recessed at 10:30 a.m.

The Commission reconvened at 11:00 a.m.

The Commission met with Bill Minsker, Buckhannon Auto Mall, and Bill Kelley, Bill Kelley Chevrolet, regarding the vehicle quotes for the Animal Control/Humane Officer. After discussion, on motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission directed William A. Parker to cancel the truck ordered from Jenkins Ford and to re-bid a 2003 truck with all the local dealers. (NOTE: Item was not on the agenda but due to time restraint the Commission took official action)

## UPSHUR COUNTY COMMISSION MEETING

MAY 2, 2002

On motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the request from Sherman Baxa to employ Darla Riffle as tax deputy. Date of employment is May 6, 2002 at a rate of \$7.00 per hour. (copy included)

The Commission received the following Information: (copies included)

1. Public Notice – Sunday Hunting
2. Public Notice – Inspection and test of election equipment – 9:00 a.m. – 5/7/02
3. Minutes: UC Library Board
4. Correspondence from Reta Knight – Gilmer County Commission – OES Workshop
5. Correspondence from Mary Poling – Elkins Road PSD
6. Meetings:
  - 5/03/02 – 1:00 p.m. – Adrian PSD
  - 5/06/02 – 6:00 p.m. – UC Solid Waste Authority – Mudlick Rd location
  - 5/06/02 – 7:00 p.m. – Hodgesville PSD
  - 5/07/02 – 9:00 a.m. – Inspection/test of voting equipment
  - 5/07/02 – 6:00 p.m. – Elkins Road PSD
  - 5/08/02 – 7:00 p.m. – UC Litter Control Committee
  - 5/09/02 – 1:30 p.m. – UC Policy Board
  - 5/09/02 – 3:30 p.m. – Tennerton PSD
  - 5/09/02 – 6:30 p.m. – UCSS&S Enforcement Board
  - 5/09/02 – 6:00 p.m. – UC Fire Board
  - 5/13/02 – 6:30 p.m. – UC Youth Camp Board
  - 5/13/02 – 6:30 p.m. – Buckhannon-Upshur Parks & Recreation Board
  - 5/13/02 – 7:00 p.m. – FRN
  - 5/14/02 – all day – Primary election
  - 5/14/02 – 7:00 a.m. – BU Airport Authority
  - 5/14/02 – 7:00 p.m. – UC Enhances Emergency Telephone Advisory Board
  - 5/15/02 – James W. Curry Library & Park Board
  - 5/15/02 – 4:30 p.m. – UC Library Board
  - 5/15/02 – 7:00 p.m. – Lewis-Upshur LEPC
  - 5/20/02 – 4:00 p.m. – UC Youth Council – SYC
  - 5/20/02 – 7:00 p.m. – UC Fair Board – Rock Cave
  - 5/21/02 – 10:00 a.m. – Wes-Mon-Ty RC&D
  - 5/21/02 – 12:00 p.m. – PEACE Meeting
  - 5/30/02 – 7:00 p.m. – County/City Meeting
7. Appointments Needed:
  - Buckhannon-Upshur Airport Authority --- (Vacancy 6/30/99) --- City
  - Upshur County Building Commission --- (Kenny Kasten 11/10/01)
  - Upshur County Civil Service Board --- (Don Godwin 12/31/01) --- County
  - Wes-Mon-Ty Resource Conservation District --- County Appointment

With no further business, the meeting adjourned at 2:00 p.m.

BOOK

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**Hodgesville Public Service District**

188 Fayette Street  
Buckhannon, West Virginia 26201

WILLIAM A. PARKER, ADMINISTRATOR  
UPSHUR COUNTY COMMISSION  
38 WEST MAIN STREET - ROOM 302  
BUCKHANNON, WV. 26201

DEAR MR. PARKER;

DUE TO THE RECENT DEATH OF BOARD MEMBER, LEE CARRICO, THE REMAINING MEMBERS HAVE ASKED DONNIE KINCAID TO SERVE AS A BOARD MEMBER OF THE HODGESVILLE PUBLIC SERVICE DISTRICT.

LEE CARRICO'S TERM WOULD HAVE EXPIRED ON AUGUST 5, 2004 AND THE BOARD OF HODGESVILLE PSD REQUESTS THE COMMISSION TO APPOINT DONNIE KINCAID TO FILL THE UNEXPIRED TERM.

MR. KINCAID IS A CUSTOMER OF THE HODGESVILLE PSD AND VERY FAMILIAR WITH THE SYSTEM.

THE BOARD WOULD LIKE DONNIE KINCAID APPOINTED AS SOON AS POSSIBLE.

THANK YOU;



TERRY N. GOULD, MANAGER  
HODGESVILLE PUBLIC SERVICE DISTRICT

UPSHUR COUNTY COMMISSION MEETING BOOK 030 PAGE 675  
OCTOBER 10, 2002

The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, October 10, 2002, at 9:00 a.m. The meeting was called to order by Kenneth T. Davidson. There were present Kenneth T. Davidson, Commissioner; Donnie R. Tenney, Commissioner; Stephen P. Abel, Commissioner; William A. Parker, County Administrator and Terri Jo Bennett, Secretary. The meeting began with a moment of Silent Meditation, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

The Commission approved the minutes of October 3, 2002 via the General Consent Rule.

John Bowers, James W. Curry Library and Park Advisory Board Representative, provided an update/status report on the development of Curry Park. After discussion, on motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved and authorized the President to sign the usage agreement with the James W. Curry Advisory Board, Brooks Hill Community Building Trustees and the Upshur County Commission. (copy included)

Chester Runyon, C&C Siding, appeared before the Commission to discuss the bid/specifications on the 40'x60' pavilion. After discussion on the addition of electrical service to the pavilion, Chester Runyon withdrew with bid. On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved to reject all bids and re-bid the project.

Terry Gould, Hodgesville PSD, appeared before the Commission to provide an update/status report on the waterline extension project.

Alexander Belinski, county resident, appeared before the Commission to express his concerns/opinion on the renovations at Curry Park.

On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved the resignation letter from Shauna Myers, full-time Telecommunicator. (copy included)

William A. Parker provided an update/status report on the financial statement for the Upshur County Fire Board. (copy included)

On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved the recommendation to re-appoint Roger Ward to the Hodgesville PSD. (copy included)

After discussion, on motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved the hours of 5:30 p.m. to 7:00 p.m. on Thursday, October 31, 2002 as trick-or-treat time for non-incorporated areas of the county.

The Commission recessed at 10:00 a.m.

The Commission reconvened at 10:10 a.m.

John Bowers, Curry Library and Park Advisory Board member discussed the construction of picnic tables. The Commission advised John Bowers to proceed.

The Commission recessed at 10:20 a.m.

The Commission reconvened at 12:00 p.m.

The Commission meet with representatives from the Courthouse Facilities Improvement Authority.

The Commission approved all Vacation Orders.

The Commission approved the following Final Settlements:

Vernon D. Beavers - FS

Donna K. Husk - FS

Erma Ellen Lane - FS

Charles Allen Winkler - FS

William Bailey Oldaker - FS

The Commission approved the following Purchase Orders:

James & Law - #03000158

WV Sheriffs Association - #03000159

WV Sheriffs Association - #03000160

Radison Hotel - #03000161

Radison Hotel - #03000162

Catherine Collins - #03000163

WV APCO - #03000164

Casto & Harris - #03000156

Henderson Supply - #03000157

The Commission approved the following Refund:

Walter or Ruth Bleigh - #1045

The Commission approved the following Exonerations:

Lida Fisher et al - #1047

Harry & Lena Small - #1044

The Commission approved all Invoices for payment.

The Commission received the following Information:

BOOK 030 PAGE 676

## UPSHUR COUNTY COMMISSION MEETING

OCTOBER 10, 2002

1. Correspondence from the County Commissioners' Association (CCA) – Regional Meetings
  2. Notice of Public Meeting – Hazard Mitigation Plan Development
  3. Correspondence from the County Commissioner's Association – Increase in PERS – Employers contribution – effective 7/1/03 – 9.5% to 10.5%
  4. Correspondence/Congratulations from Mary Poling
  5. Correspondence from Buckhannon River Watershed Association – Coliform Roundtable Meeting – October 28, 2002 at 6:30 p.m. – Social Hall @ WVWC
  6. Correspondence from Buckhannon-Upshur Chamber of Commerce – Upcoming events
  7. Dog Warden Report – September 2002 & September 2001
  8. Building Permit Information – September 2002
  9. Bridge Inspection Report – Upshur County Youth Camp (separate copy)
  10. Classification Results – Ellamore Volunteer Fire Department (Separate copy)
  11. Call-out report for various volunteer fire departments (separate copy)
  12. Minutes: Adrian PSD  
Upshur-Buckhannon Health Department
  13. Meetings:
    - 10-01-02 - 6:00 p.m. - Elkins Road Public Service District
    - 10-04-02 - 1:00 p.m. - Adrian Public Service District
    - 10-07-02 - 7:00 p.m. - Hodgesville Public Service District
    - 10-08-02 - 7:00 a.m. - Buckhannon-Upshur Airport Authority
    - 10-08-02 - 7:00 p.m. - UC Enhanced Emergency Telephone Advisory Board
    - 10-09-02 - 7:00 p.m. - Upshur County Litter Control Committee
    - 10-10-02 - 3:30 p.m. - Tennerton Public Service District
    - 10-10-02 - 6:30 p.m. - UC Safe Structures & Sites Ordinance Board
    - 10-14-02 - 6:30 p.m. - Buckhannon-Upshur Parks & Recreation Board
    - 10-14-02 - 7:00 p.m. - Upshur County Family Resource Network
    - 10-15-02 - 10:00 a.m. - Wes-Mon-Ty RCD Board
    - 10-16-02 - 10:00 a.m. - James W. Curry Library Board
    - 10-16-02 - 4:30 p.m. - Upshur County Public Library Board
    - 10-16-02 - 7:00 p.m. - Lewis-Upshur LEPC
    - 10-17-02 - 6:30 p.m. - Upshur County Youth Camp Board
    - 10-17-02 - 6:30 p.m. - Upshur County Fire Board
    - 10-21-02 - 4:00 p.m. - Upshur County Youth Council - SYC
    - 10-21-02 - 7:00 p.m. - Upshur County Fair Association – Commission Office
    - 10-22-02 - County Clerk Election Training – Commission Office
    - 10-23-02 - County Clerk Election Training – Commission Office
    - 10-29-02 - County Clerk Election Training – Commission Office
    - 10-30-02 - County Clerk Election Training – Commission Office
    - 10-28-02 - 7:00 p.m. - Region VII Planning & Development Council
    - 10-31-02 - 7:00 p.m. - City/County – Joint Meeting
  14. Appointments Needed:
    - James W. Curry Advisory Board – (Zickefoose 12/31/02) – County
    - Upshur County Civil Service Board – (Kitzmilller 12/31/02) – Deputy Assoc.
    - UC Safe Structures & Sites – (Gillum 6/30/02) – County-Community
    - Wes-Mon-Ty RC&D – County appointment
- With no further business, the meeting adjourned at 12:50 p.m.



STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of MEMBER OF THE HODGESVILLE PUBLIC SERVICE DISTRICT to the best of my skill and judgment **SO HELP ME GOD:**

(Signature of affiant) *Robert L. Wright*

ROBERT L. WRIGHT  
Subscribed and sworn to before me, in said County and State, this 24TH day of OCTOBER, 2002  
year

*Delia Thacker Wilkey*  
Clerk of the County Commission

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 24TH day of OCTOBER, 2002, this Oath of Office was  
year  
presented in the Clerk's Office of the County Commission of said County, and recorded according to law.

Teste: *Delia Thacker Wilkey*  
Clerk of the County Commission, Upshur County, West Virginia

# OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of MEMBER OF THE HODGESVILLE PUBLIC SERVICE DISTRICT to the best of my skill and judgment **SO HELP ME GOD:**

(Signature of affiant) *Donnie W. Kincaid*  
DONNIE W. KINCAID  
Subscribed and sworn to before me, in said County and State, this 24TH day of OCTOBER, 2002 year

*Hebbie Thacker Wilfong*  
Clerk of the County Commission

UPSUR COUNTY, TO-WIT:

Be it remembered that on the 24TH day of OCTOBER, 2002, this Oath of Office was presented in the Clerk's Office of the County Commission of said County, and recorded according to law.

Teste: *Hebbie Thacker Wilfong*  
Clerk of the County Commission, Upshur County

# OATH OF OFFICE

DEBBIE THACKER WILFONG  
COUNTY CLERK  
TRANSACTION NO: 2002012849

OATH OF OFFICE  
Book: 00003 Page: 00084  
Line: 00001

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, TO-WIT:



I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of MEMBER OF THE HODGESVILLE PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) X *Roger Ward*  
ROGER WARD

Subscribed and sworn to before me, in said County and State, this 4TH day of NOVEMBER, 2002 year

*Debbie Thacker Wilfong*  
Clerk of the County Commission

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 4TH day of NOVEMBER, 2002, this Oath of Office was presented in the Clerk's Office of the County Commission of said County, and recorded according to law.

Teste: *Debbie Thacker Wilfong*  
Clerk of the County Commission, Upshur County

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of \_\_\_\_\_ to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) \_\_\_\_\_

Subscribed and sworn to before me, in said County and State, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ year

\_\_\_\_\_  
Clerk of the County Commission



THE ATTACHED RULES OF PROCEDURE ARE A TRUE COPY OF THE DOCUMENT AS ADOPTED AT THE MEETING OF THE MEMBERS OF THE HODGESVILLE PUBLIC SERVICE DISTRICT ON NOVEMBER 4, 2002.

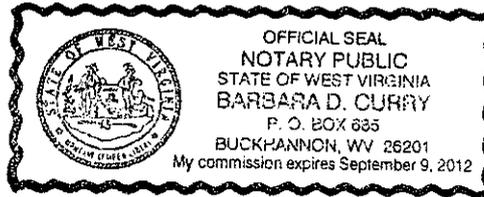
*Robert L. Wright*

CHAIRMAN,  
HODGESVILLE PUBLIC SERVICE DISTRICT

STATE OF WEST VIRGINIA  
COUNTY OF UPSHUR

I, BARBARA D. CURRY, A NOTARY FOR SAID COUNTY AND STATE DO  
ACKNOWLEDGE THE ABOVE SIGNATURE OF ROBERT L. WRIGHT ON THIS  
THE 7<sup>th</sup> DAY OF November 2002.

*Barbara D. Curry* MY COMMISSION EXPIRES SEPTEMBER 9, 2012.



RULES OF PROCEDURE  
HODGESVILLE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: HODGESVILLE PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 188 Fayette Street, Buckhannon, Upshur County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

## ARTICLE III

### MEMBERSHIP

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

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

## ARTICLE IV

### MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

### PUBLIC NOTICE OF MEETINGS

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

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Upshur County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Upshur County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

### DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary,

sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 4<sup>th</sup> day of November, 2002.

10/14/02  
415080.00001

CH556058.1



# Hopping mad about Medicare

If you bring a pan of water to a boil first and then try to drop a frog in, the frog will immediately hop out—burned and understandably angry. But, if you place the frog in cold water and gradually turn up the heat, the frog will burn to death.

doctor who enters into such a private "contract" cannot accept any Medicare payments on behalf of any other Medicare beneficiaries for two years. Of course, very few doctors can or will make such a sacrifice, leaving seniors with no alternative.

and similar initiatives, it establishes a precedent. Today, it's the kids and the elderly; next year, maybe the entire public.

Fortunately, lawmakers are fighting. On April 1, Sen. Jon Kyl (R-Arizona) introduced a "sense of the Senate" resolution that seniors have the right to choose any physician of their choice and not be limited in that position of "unreasonable" on the doctors. While the resolution, a bill in the Senate to be introduced by Rep. Bill Huelskamp (R-Pa.) fought in court with the American Medical Association and several Medicare payers, it would allow seniors to stay on the books, rather than have some seniors forced to leave, especially to wealthy seniors. Forcing seniors to leave Medicare in the first place would come at the expense of the healthy, creating a two-tiered healthcare system that liberals say they oppose.

The water in the pan is getting warmer, and it's time we all got hopping mad. The longer we sit, the more our freedom is slowly boiled away.

Edwin Feulner is president of The Heritage Foundation (www.heritage.org), a Washington-based public policy research institute.

# LETTERS POI

The Record Delta encourages responsible letters to the editor on subjects of interest to our readers, including current events, people and letters of thanks. Concise letters are most likely to be chosen for publication, and use of any material is at the discretion of the editor. Editing may be necessary to save space, clarity, or to avoid libel. Ideas will not be altered. Writers are encouraged to use discretion and refrain from sarcasm or personal attacks. The ideas in well-thought-out letters are more often taken into consideration and are generally better received by readers. All letters must bear the handwritten signature of the writer. Letters should include an address and telephone number for verification purposes. Letters should be typed or handwritten, and any letter chosen for publication does not necessarily reflect the editorial policies or beliefs of this publication.

## Rexroad thank benefit dinner volunteers

Recently I had the pleasure of being associated with some

## State of West Virginia, County of Upshur, ss:

The Record Delta, a newspaper published at Buckhannon in the said county, do hereby certify that the annexed.....

### Public Notification

was published once a week for 3 successive weeks in said Record Delta newspaper published as aforesaid, commencing on the 11th day of May 19 98

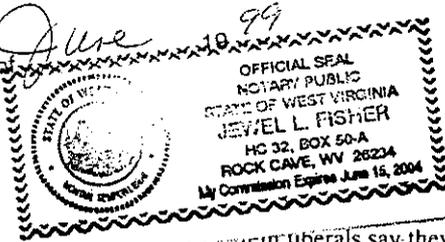
Given under my hand this 21st day of June 19 99

Darlene Warner LEGAL CLERK

## WEST VIRGINIA, UPSHUR COUNTY, TO-WIT:

Subscribed and sworn to before me this 21st day of June 19 99

Jewel L. Fisher NOTARY PUBLIC  
My commission expires June 15, 2004



### PUBLIC NOTIFICATION

The United States Department of Agriculture, Rural Utilities Service, is considering a preapplication for financial assistance sponsored by Hodgesville Public Service District. The specific elements of this proposed project include: a 6-inch water line west along Upshur County Route 1 (Hackers Creek Road) approximately seven (7) miles; a 6-inch water line extension along State Route 20 North approximately 2.4 miles to the community of Peeltree in Barbour County; a 6-inch water line extension for the Hall Road (Upshur County Route 13 and 4/11) running approximately 20,000 LF; a 6-inch water line extension for the Bridge Run Road (Upshur County Route 5/2); a new 250,000 gallon water storage tank is proposed to be installed on the Route 20 North system enhancing fire flow protection and providing (2-3) days worth of storage in the Route 20 North system including the Hackers Creek and Peeltree extension. The existing 140 gpm water booster pump station is proposed to be upgraded to a 260-270 gpm station, including piping, electrical, and physical improvements.

If implemented, the proposed action could impact important resources. The purpose of this notice is to inform the public of this possible result and to request comments concerning: (1) the impacts of the proposed location on the important resources, (2) alternative sites or actions that would avoid these impacts, and (3) methods that could be used to reduce these impacts.

The proposed action is available for review at the USDA - Rural Utilities Service Area Office, Elkins, West Virginia. Any person interested in commenting on the proposed action may do so by sending such comments within thirty (30) days following the date of this publication to the USDA - Rural Utilities Service, at 401 Davis Avenue, Elkins, West Virginia 26241.

# Re-Roofing is Easy

With ONDURA You Don't Have To Tear Off The Old To Put Up A New One.



- Goes directly over existing roof.
- Helps save environment—No dump of old non-biodegradable roofing.
- Saves money—No landfill disposal charges. Cuts time and labor costs in half.
- Looks great on any home.
- Lifetime limited warranty.

WHITE \*BROWN \*RED BLACK \*GRAY \*GREEN TAN BLUE \$10

1" STOCK COLORS (AT LEAST 32 SQUARES IN STOCK) Each 48" x 26.3'



## Southern States

60 Spring Street  
Buckhannon, WV  
303-472-1356



HODGESVILLE PUBLIC SERVICE DISTRICT  
MONTHLY MEETING HELD  
JANUARY 7, 2002

THE REGULAR MONTHLY MEETING OF THE HODGESVILLE PUBLIC SERVICE DISTRICT WAS HELD AT THE DISTRICT OFFICE AT 188 FAYETTE STREET, BUCKHANNON, WEST VIRGINIA ON JANUARY 7, 2002 AT 7: P.M.

IN ATTENDANCE WERE: ROGER WARD, ROBERT WRIGHT, LEE CARRICO, TERRY GOULD AND GUEST JOE CARRICO.

THE MEETING WAS CALLED TO ORDER PROMPTLY AT 7: 00 P.M. BY ROBERT WRIGHT, CHAIRMAN. THE MINUTES OF THE PREVIOUS MEETING, HELD ON DECEMBER 3, 2001 WERE READ AND APPROVED.

THE FIRST ORDER OF BUSINESS FOR THE FIRST MEETING OF THE YEAR IS TO ELECT OFFICERS. BY MOTION OF LEE CARRICO AND SECONDED BY ROGER WARD, THE OFFICERS ARE TO REMAIN THE SAME; ROBERT WRIGHT, CHAIRMAN; LEE CARRICO, SECETARY AND ROGER WARD TREASURER.

TERRY GOULD THEN PRESENTED THE MONTHLY FINANCIAL REPORTS AND BILLS TO BE PAID. THESE REPORTS ARE ATTACHED AND MADE A PART OF THESE MINUTES. A MOTION TO PAY THE INVOICES WAS MADE BY ROBERT WRIGHT AND SECONDED BY ROGER WARD.

A REVIEW WAS MADE OF THE MONTHLY BILLING REPORT, THE PAST DUE AND SHUT OFF LIST. THE TOTAL BILLING FOR THE MONTH WAS \$17,318.16. A TOTAL OF 6 SHUT OFF'S OR DISCONNECTS WERE MADE FOR NON-PAYMENT. CUSTOMERS DISCONNECTED WERE: GREG WINTERS, MIKE FULTINEER, SHANNON EDWARDS, JAMMERS BAR & GRILL, LINDA RIFFLE AND RICK HARLOW. SHANNON EDWARDS HAS MOVED AND LANDLORD WILL BE REQUIRED TO PAY ANY REMAINING BALANCE. THE HARLOW HOUSE WAS VACANT AND METER PULLED.

A CREDIT MEMO WAS APPROVED FOR MARY ELLA CONN, IN THE AMOUNT OF \$103.13, FOR A LEAK. APPROVAL WAS BY MOTION BY ROBERT WRIGHT AND SECONDED BY ROGER WARD, A WRITE OFF WAS APPROVED FOR \$32.63 FOR VIOLET McCARDLE, DECEASED.

A TAP WAS INSTALLED AT THE GOWER RESIDENCE ON THREE LICK ROAD. THE TAP REQUIRED A ROAD BORE. ANOTHER SERVICE TAP LEAK OCCURRED ON THE HARVEY STRAIGHT. THE ROAD CROSSING WAS REPLACED WITH COPPER PIPE.

A LETTER WAS MAILED TO THE UPSHUR COUNTY COMMISSION TO DISAPPROVE OF THE CITY OF BUCKHANNON ANNEXATION. IT IS ANTICIPATED THE BOUNDARY CHANGE WILL BE APPROVED AND HODGESVILLE PSD WILL FURNISH WATER WITHIN THE CITY LIMITS.

ON DECEMBER 14, 2001 THE NEW 3% RATE INCREASE WAS PUBLISHED IN THE RECORD DELTA PAPER. A COPY OF PROOF OF PUBLICATION MUST BE SENT TO THE COMMISSION.

A LETTER WAS RECEIVED FROM THE UPSHUR COUNTY COMMISSION CONCERNING AGENDA FOR MONTHLY MEETINGS. STATING IN JANUARY WE WILL BE REQUIRED TO FURNISH THE COMMISSION A COPY OF THE AGNEDA 3 DAYS PRIOR TO THE MEETINGS.

ON DECEMBER 21, 2001 THE CHART MOTOR ON THE TELEMETERING AT PUMP HOUSE FAILED. HARLEY BROWN OBTAINED A NEW MOTOR AND REPAIRED THE UNIT.

TERRY GOULD CONTACTED JOHN DRENNEER ON THE BARREL, SETTER AND LID DESTROYED WHERE THE COAL TRUCK WRECKED IN GARRETT'S YARD. DARRELL ZINN WENT TO REPLACE THE TAP LOCATION, BUT AREA WAS CONTAMINATED BY FUEL AND WE WILL WAIT UNTIL THE HAZARD WASTE SERVICE CLEANS THE AREA. HODGESVILLE PSD IS AWAITING A CLAIM PAYMENT.

A LETTER WAS RECEIVED GIVING NOTICE THAT 3 C MINING WAS BEING GIVEN A RELEASE OF PERMIT.

A DISCUSSION WAS HELD IN REGARD TO THE EXPANSION PROJECT. UPON MOTION BY ROBERT WRIGHT AND SECONDED BY ROGER WARD THE BOARD ADOPTED A MOTION TO AUTHORIZE THE BOARD TO EXECUTE ANY AND ALL DOCUMENTS, AGREEMENTS AND OTHER LEGAL PAPERS WITH ANY AND ALL AGENCIES WHICH MAY OR WILL BE REQUIRED FOR THE EXPANSION PROJECT.

A MEETING WAS HELD WITH RANDY WATSON, TERRY GOULD, ROBERT WRIGHT AND BOBBY WRIGHT AND HIS WIFE. DETAILS WERE COVERED AND THE LANDOWNERS WILL LEASE THE TANK SITE TO HODGESVILLE PSD. THE ATTORNEY WILL PREPARE THE LEGAL DOCUMENT. TERRY GOULD WAS INSTRUCTED TO FILE A NOTICE OF INTENT TO FILE FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY WITHIN THE NEXT 30 DAYS.

HARRIS & COMPANY HAVE NOW COMPLETED AND DELIVERED THE REQUIRED RULE 42 AGREEMENT NEEDED WHEN HODGESVILLE PSD FILES WITH WEST VIRGINIA PUBLIC SERVICE COMMISSION.

TERRY GOULD STATED THE CHARTS IN METER HOUSE WERE AGAIN SHOWING INCREASED WATER PUMPING; THIS INDICATES ANOTHER POSSIBLE LEAK.

THERE BEING NO OTHER BUSINESS, THE MEETING ADJOURNED AT 8:20 P.M.

  
\_\_\_\_\_  
SECRETARY

HODGESVILLE PUBLIC SERVICE DISTRICT  
MONTHLY MEETING HELD  
APRIL 1, 2002

THE REGULAR MONTHLY MEETING OF THE HODGESVILLE PUBLIC SERVICE DISTRICT WAS HELD AT THE DISTRICT OFFICE AT 188 FAYETTE STREET, BUCKHANNON, WEST VIRGINIA ON APRIL 1, 2002 AT 7:00 P.M.

IN ATTENDANCE WERE: ROBERT WRIGHT, ROGER WARD AND TERRY GOULD.

THE MEETING WAS CALLED TO ORDER PROMPTLY AT 7:00 P.M. BY ROBERT WRIGHT, CHAIRMAN. THE MINUTES OF THE PREVIOUS MEETING, HELD ON MARCH 4, 2002 WERE READ AND APPROVED.

TERRY GOULD THEN PRESENTED THE MONTHLY FINANCIAL REPORTS AND BILLS TO BE PAID. THESE REPORTS ARE ATTACHED AND MADE A PART OF THESE MINUTES. A MOTION TO PAY THE INVOICES WAS MADE BY ROGER WARD AND SECONDED BY ROBERT WRIGHT.

THE FIRST ORDER OF BUSINESS WAS TO REPORT THE DEATH OF BOARD MEMBER AND SECRETARY LEE CARRICO. HIS PASSING IS A GREAT LOSS TO THE HODGESVILLE PSD. MR. CARRICO WAS A FOUNDING MEMBER OF THE DISTRICT. WATER IN THE AREA SERVICED IS PARTLY DUE TO THE EFFORTS OF LEE CARRICO.

ROGER WARD WAS ELECTED SECRETARY FOR THIS BOARD. A DISCUSSION WAS HELD IN REGARD TO APPOINTMENT OF REPLACEMENT MEMBER. IT WAS DECIDED TO ELECT SOMEONE FROM CLOSE TO BUCKHANNON SINCE TWO OTHER MEMBERS WERE FROM THE NORTHERN AREA OF THE DISTRICT.

AFTER DISCUSSION, TERRY GOULD REQUESTED THE BOARD TO CONSIDER DONNIE KINCAID. BOTH MEMBERS FELT THIS WAS A GOOD CANDIDATE. HE IS RETIRED AND KNOWLEDGEABLE OF THE DISTRICT. UPON MOTION BY ROBERT WRIGHT AND SECONDED BY ROGER WARD. TERRY GOULD WILL REQUEST

APPOINTMENT BY THE UPSHUR COUNTY COMMISSION IF MR. KINCAID WILL ACCEPT THE POSITION.

A REVIEW WAS MADE OF THE MONTHLY BILLING REPORT, THE PAST DUE AND SHUT OFF LIST. THE TOTAL BILLING FOR THE MONTH WAS \$18,081.90. A TOTAL OF 72 SHUT OFF OR DISCONNECT NOTICES WERE MAILED FOR NON-PAYMENT. NO ONE WAS SHUT OFF. DEBBIE HAYMOND DID PAY THE ENTIRE BALANCE OF HER BILL. IT WAS REPORTED AS A PROBLEM LAST MONTH. MARK FROHNAPFEL IS NOW A SERIOUS DELINQUENCY. HE OWES \$200.90. IF NOT PAID THIS MONTH, THEN BOARD REQUESTS THAT HE BE SHUT OFF.

UPON MOTION BY ROBERT WRIGHT AND SECONDED BY ROGER WARD, THE FOLLOWING CREDIT MEMOS WERE APPROVED:

ROBERT SMITH	\$23.88
DANIEL EDGEL	\$36.46.
KENT MARSH	\$23.58
BARBART McVANEY	\$54.96

TERRY GOULD REPORTED THE PUBLIC SERVICE COMMISSION RETURNED A COPY OF THEIR AUDIT AND IN ADDITION TO THE 3%, A 75% ADDITIONAL AMOUNT WILL BE GRANTED AFTER FINAL APPROVAL BY THE PSC. THIS WILL BE APPLIED TO BILLS IN JUNE OR JULY.

ALSO, A \$3.50 SURCHARGE WILL BE ALLOWED FOR 12 MONTHS, THIS WILL BE PLACED INTO A RESERVE ACCOUNT.

ALSO, NOTICE WAS RECEIVED IN REGARD TO THE PROJECT RATES; THE RULE 42 RATES WERE INCREASED BY AMOUNT DUE TO THE RULE 19A FILING.

THE EXPANSION PROJECT THAT WAS FILED ON MARCH 6, 2002 WAS PUBLISHED IN THE RECORD DELTA ON MARCH 22, 2002.

THE DISTRICT HAD A PRE-FILING MEETING AT THE END OF FEBRUARY WITH RALPH CLARK AND RANDY LENGYEL OF THE

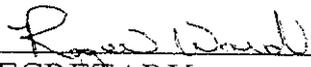
PSC AND ALL QUESTIONS AND DATA FOR THE FILING WAS REVIEWED WITH VERY FEW PROBLEMS.

A CASE NO.02-0299-PWD-CN HAS BEEN ASSIGNED TO THE EXPANSION PROJECT.

ON MARCH 5, 2002 THE DISTRICT RECEIVED THE RIGHT-OF-WAY AGREEMENTS FOR THE PROJECT FROM THRASHER ENGINEERING. TERRY GOULD WILL START AFTER 4/15/02 TO OBTAIN SIGNATURES.

ZINN'S HAD TO REPAIR THE MAIN LINE ON HACKER'S CREEK ROAD; THE DEPARTMENT OF HIGHWAYS CUT THE LINE WHILE REPLACING A CULVERT. ALSO, TWO NEW TAPS WERE INSTALLED.

THERE BEING NO OTHER BUISNESS, THE MEETING ADJOURNED AT 8:15 P.M.

  
\_\_\_\_\_  
SECRETARY



HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)

MINUTES ON ADOPTION OF BOND RESOLUTION

The undersigned Secretary of the Public Service Board of Hodgesville Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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The Public Service Board of Hodgesville Public Service District met in special session, pursuant to notice duly given, on the 16th day of December, 2002, at the Warren Community Center in the Hodgesville area, Hodgesville, West Virginia, at the hour of 11:00 a.m., prevailing time.

PRESENT:            Robert Wright     - Chairman  
                         Donnie Kincaid   - Member

ABSENT:            Roger Ward        - Secretary/Treasurer

Robert Wright, Chairman, presided.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, a discussion was held regarding the absence of Mr. Ward, Secretary for the District and on motion duly made by Mr. Wright and seconded by Mr. Kincaid, it was unanimously ordered that Mr. Kincaid serve as Acting Secretary in the absence of Mr. Ward.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND  
CONSTRUCTION OF CERTAIN PUBLIC SERVICE  
PROPERTIES CONSISTING OF ADDITIONS,

IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF HODGESVILLE PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,850,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

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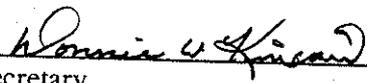
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There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

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

WITNESS my signature on this 18th day of December, 2002.

  
Secretary

09/03/02  
415080.00001

THE RECORD DELTA  
 P.O. BOX 550  
 BUCKHANNON, WV 26201  
 Phone: (304) 472-2800  
 FEIN No. 363672215

LEGAL ADVERTISING INVOICE

DATE December 16, 2002  
 STEPTOE & JOHNSON  
 P.O. Box 1588  
 Charleston, WV 25306

Acct. No. 6871  
 Legal No. 3691

RE: NOTICE OF PUBLIC HEARING  
 Hodgesville Public Service District

December 06, 2002 \$ 39.53

TOTAL AMOUNT DUE \$ 41.53  
 Legal Rate: .085 cents per word for the first Insertion  
 75% per insertion thereafter.

MAKE CHECKS PAYABLE TO

THE RECORD DELTA  
 P.O. Box 550  
 Buckhannon, WV 26201

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, SS:

Bonita Swecker, Legal Clerk of the Record Delta, a  
 Newspaper published in Buckhannon in said county, do  
 hereby certify that the annexed

NOTICE OF PUBLIC HEARING

Was published once in said Record Delta newspaper as aforesaid,  
 commencing on the 6th day of DECEMBER, 2002

*Bonita Swecker*  
 Legal Clerk

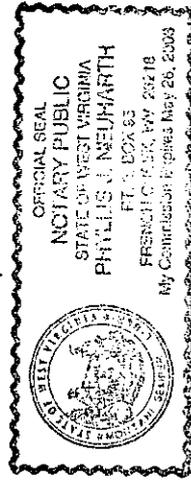
Printer's Fee \$ 41.53

WEST VIRGINIA, UPSHUR COUNTY, TO WIT:

Subscribed and sworn before me this  
 16th Day of DECEMBER, 2002.

*Phyllis J. Newhart*  
 Notary Public

My commission expires: *May 26, 2003*



NOTICE OF PUBLIC HEARING  
 of the Public Service Board of  
 Hodgesville Public Service District to  
 Adopt Bond Resolution

A special meeting of the Public  
 Service Board of the Hodgesville  
 Public Service District (the "PSD") will  
 be held to consider and adopt the  
 following entitled Resolution, and to  
 take such other action as necessary,  
 in relation thereto, on Monday,  
 December 16, 2002, at 11:00 a.m.,  
 prevailing time, at the Warren District  
 Community Center in the Hodgesville  
 area, Hodgesville, West Virginia, and  
 at such meeting the Board shall  
 consider and adopt such Resolution  
 entitled:

RESOLUTION AUTHORIZING  
 THE ACQUISITION AND  
 CONSTRUCTION OF CERTAIN  
 PUBLIC SERVICE PROPERTIES  
 CONSISTING OF ADDITIONS,  
 IMPROVEMENTS AND  
 EXTENSIONS TO THE EXISTING  
 WATERWORKS SYSTEM OF  
 HODGESVILLE PUBLIC SERVICE  
 DISTRICT, AND THE FINANCING  
 OF THE COST, NOT OTHERWISE  
 PROVIDED THEREOF, THROUGH  
 THE ISSUANCE BY THE DISTRICT  
 OF NOT MORE THAN \$1,850,000 IN  
 AGGREGATE PRINCIPAL AMOUNT  
 OF WATER REVENUE BONDS,  
 SERIES 2002 A UNITED STATES  
 DEPARTMENT OF AGRICULTURE,  
 DEFINING AND PRESCRIBING THE  
 TERMS AND PROVISIONS OF THE  
 BONDS; PROVIDING GENERALLY  
 FOR THE RIGHTS AND REMEDIES  
 OF AND SECURITY FOR THE  
 HOLDER OF THE BONDS; AND  
 PROVIDING WHEN THIS  
 RESOLUTION SHALL TAKE  
 EFFECT.

The above recited title of the  
 Resolution describes generally the  
 contents thereof and the purposes of  
 the Bonds contemplated thereby. The  
 proceeds of the Bonds will be used to  
 provide permanent financing of a  
 portion of the costs of (i) acquisition  
 and construction of certain public  
 service properties consisting of  
 additions, improvements and  
 extensions to the existing public  
 waterworks system of the District and  
 (ii) paying costs of issuance of the  
 Bonds and related costs. The Bonds  
 are payable solely from revenues to  
 be derived from the ownership and  
 operation of the waterworks system  
 of the District.

At the special meeting, the Board  
 intends to adopt the Resolution and  
 take such other actions as may be  
 necessary in furtherance of the Project  
 and the financing contemplated by  
 the Resolution. Such meeting is open  
 to the public.  
 Dated: December 6, 2002  
 /s/ Robert W. ...



WV MUNICIPAL BOND COMMISSION  
 8 Capitol Street  
 Suite 500, Terminal Building  
 Charleston, WV 25301  
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 18, 2002

ISSUE: Hodgesville Public Service District Water Revenue Bonds, Series 2002 A (United States Department of Agriculture)

ADDRESS: P.O. Box 764, Buckhannon, West Virginia 26201 COUNTY: Upshur

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

ISSUE DATE: December 18, 2002 CLOSING DATE: December 18, 2002

ISSUE AMOUNT: \$1,850,000 RATE: 4.875%

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

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

BOND COUNSEL: Steptoe & Johnson PLLC  
 Contact Person: John C. Stump, Esquire  
 Phone: (304) 353-8196

UNDERWRITERS COUNSEL: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

CLOSING BANK: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

ESCROW TRUSTEE: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
 Contact Person: Mr. Terry Gould  
 Position: Manager  
 Phone: (304) 472-7685

OTHER: United States Department of Agriculture  
 Contact Person: Joe Crickenberger  
 Function: Rural Development Specialist  
 Phone: (304) 636-2158

DEPOSITS TO MBC AT CLOSE:  
 By: \_\_\_\_\_ Wire \_\_\_\_\_ Accrued Interest: \$ \_\_\_\_\_  
 \_\_\_\_\_ Check \_\_\_\_\_ Capitalized Interest: \$ \_\_\_\_\_  
 \_\_\_\_\_ Reserve Account: \$ \_\_\_\_\_  
 \_\_\_\_\_ Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE  
 By: \_\_\_\_\_ Wire \_\_\_\_\_ To Escrow Trustee: \$ \_\_\_\_\_  
 \_\_\_\_\_ Check \_\_\_\_\_ To Issuer: \$ \_\_\_\_\_  
 \_\_\_\_\_ IGT \_\_\_\_\_ To Cons. Invest. Fund: \$ \_\_\_\_\_  
 \_\_\_\_\_ To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will hold the Series 2002 A Bonds Reserve Account. Payments to the Series 2002 A Bonds Reserve Account will commence within 24 months of December 18, 2002.

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
 DOCUMENTS REQUIRED: \_\_\_\_\_  
 TRANSFERS REQUIRED: \_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early

warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

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

09/03/02  
415080.00001





United States  
Department of  
Agriculture

Rural Development

Federal Building, Room 320  
75 High Street  
Morgantown, WV 26505  
Telephone: (304) 284-4888  
Fax: (304) 284-4892  
TTY/TDD: (304) 284-5941

March 20, 2000

Robert Wright, Chairman  
Hodgesville Public Service District  
P.O. Box 764  
Buckhannon, WV 26201

Dear Mr. Wright:

This letter, with Attachments 1 through 12 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$1,850,000, and other funding in the amount of \$1,250,000, for a total project cost of \$3,100,000. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant program.

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

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

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for Hodgesville PSD (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.



- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
- Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
- Attachment No. 10 - Hodgesville PSD Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 11 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 12 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. **Loan Repayment** - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 5.75% interest rate and a monthly amortization factor of .00541, which provides for a monthly payment of \$10,009.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

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

2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 1,007 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 224 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system, which is to be extended by the new system, at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of \$100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

The RUS loan commitment is based on the PSD providing service to two large volume users. Evidence must be provided to show those users will actually be connected to the system when it is completed and that the monthly water usage projected for each by the engineer is reasonable. In the event any of those users

refuse the offered service, the PSD must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having those users on the system.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. Form RD 1942-19, "Agreement for Engineering Services," or EJCDC No. 1910-1, "Standard Form of Agreement between Owner and Engineer for Professional Services" may be used to obtain the services of an engineer. For your convenience, a copy of Form RD 1942-19 is attached hereto. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. Legal Services - You must obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - You must obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
  - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
  - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

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

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8) and RUS Bulletin 1780-30 (Attachment No. 9) outline audit requirements. You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually

with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit is not included in project funds and should be paid from the operational revenues generated from your system operation.

8. **Facility Control** - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
  - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
  - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
  - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
  - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
  - e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

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

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

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

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

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
- (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

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

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

- (1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9, or other agreement approved by RUS. One copy of this item is attached hereto (Attachment No. 6).
- (2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.

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

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

- (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review.
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 PSD, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
15. Water Purchase Contract - You propose to purchase treated water from the City of Buckhannon; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
16. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.
17. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
- Form RD 442-7 - "Operating Budget"
  - Form RD 1940-1 - "Request for Obligation of Funds"
  - RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
  - RUS Bulletin 1780-22, "Eligibility Certification"
  - Form RD 400-1 - "Equal Opportunity Agreement"
  - Form RD 400-4 - "Assurance Agreement"
  - Form AD 1047 - "Certification Regarding Debarment - Primary"
  - Form AD 1049 - "Certification Regarding Drug-Free Workplace"

Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"  
FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and  
Loans"

Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)

18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
19. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of water and waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

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

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

Sincerely yours,

  
BOBBY LEWIS  
State Director

Enclosures

cc: Administrator, RUS  
ATTN: Water and  
Environmental Programs  
Washington, DC

Rural Development Specialist  
Elkins, WV

Harris and Company  
Certified Public Accountants  
Buckhannon, WV

Robert J. O'Brien  
Attorney at Law  
Buckhannon, WV

Bond Counsel

Thrasher Engineering, Inc.  
Clarksburg, WV

PROJECT CONSTRUCTION BUDGET				
HODGESVILLE PSD - WATER PROJECT				
AWARDING BY APPLYING BASE BIDS ON BOTH CONTRACTS				
Thrasher Engineering Project #10-050				
November 27, 2002				
PROJECT COST	SCB GRANT	RUS GRANT	RUS LOAN	TOTAL
Construction	\$1,175,000.00		\$1,099,149.00	\$2,274,149.00
Const. Contingency @ 5%			\$116,219.00	\$116,219.00
Land & Rights			\$7,500.00	\$7,500.00
Legal Fees			\$17,000.00	\$17,000.00
Bond Counsel			\$19,000.00	\$19,000.00
Accounting			\$2,500.00	\$2,500.00
Engineering Fees			\$321,250.00	\$321,250.00
Basic - \$168,750				
Insp. - \$130,000				
Special - \$22,500				
Interest				
Administration	\$75,000.00		\$180,000.00	\$180,000.00
Project Contingency			\$31,000.00	\$31,000.00
WVDOH Insp. Fees			\$56,382.00	\$56,382.00
<b>TOTAL</b>	<b>\$1,250,000.00</b>		<b>\$1,850,000.00</b>	<b>\$3,100,000.00</b>

\*NOTE: A change order #1 for Contract #1 will be executed prior to contract signing in order to deduct \$28,800 to change the 3" on Hail Road to a 2". This construction amount reflects the change order #1 being executed.

p:\hodgesville psd 10-050\worksheets\budget 5-2002.xl

112902



RURAL  
DEVELOPMENT

401 Davis Avenue  
Elkins, West Virginia 26241  
PHONE (304) 636-2158  
FAX (304) 636-5902  
TTY/TDD (800) 982-8771

November 22, 2002

~~Mr. Robert L. Wright, Chairman  
Hodgesville Public Service District  
P.O. 764  
Buckhannon, WV 26201~~

Dear Mr. Wright:

This letter is to confirm that the pre-closing for the Hodgesville PSD RUS loan will be held on December 16, 2002 at 11:00 a.m. in the Warren District Community Center in the Hodgesville area. A pre-construction conference will follow at 1:30 p.m. The official loan closing date for the PSD's project will be December 18, 2002. Please have your accountant and your attorney available at 11:00 a.m. for pre-closing decisions.

Reference is made to our letter of conditions dated March 20, 2000. All of the requirements of that letter must be met and the loan must be closed in accordance with RUS Instruction 1780.

Many of the aforementioned items have already been addressed. Those items remaining to be satisfied prior to loan closing include:

1. The Certification on the Loan Resolution will be completed at pre-closing.
2. The PSD'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, 2002.

USDA Rural Development is an Equal Opportunity Lender, Provider, and Employer.  
Complaints of discrimination should be sent to:  
USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

3. The PSD's attorney must furnish a Form FmHA 1927-10, Final Title Opinion, on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated December 18, 2002.
4. In accordance with Item 8(c) of the letter of conditions, the PSD's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. At minimum, a "right of entry" must be obtained for all properties before the pre-closing.
5. In accordance with the Legal Services Agreement, your project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project.
6. On or before the pre-closing, the PSD must provide to RUS evidence that all insurance and position fidelity bond coverage has been obtained as required by Item 11 of the letter of conditions. USDA RUS is requesting the PSD carry at least \$300,000 in fidelity bond coverage during the construction phase of the project. The fidelity bond should cover all individuals who will have access to project funds.
7. The PSD's engineer must provide a resume of the proposed project inspector(s).
8. The PSD must provide a letter accepting the proposed project inspector(s).
9. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain the necessary bond and forward it to the WVDOH with a request that the permit be issued.
10. All applicable Public Service Commission certificates and/or approvals must be obtained prior to closing. This item should already be complete, but it is mentioned in case there are any changes or additional requirements that may arise.

11. The PSD's accountant must certify that all accounts and records are properly established and are operational in accordance with item 7(b) of the letter of conditions.
12. The PSD must provide RUS with a current copy of their Workers' Compensation Certificate.
13. Please be prepared to have a properly called meeting of the PSD's Board of Directors during the pre-closing process in case it becomes necessary for the Board to make decisions in connection with your project. Also please bring any official seal that the PSD uses for authenticating documents.
14. Nancy Taylor, our Rural Development Technician, is planning to complete a Civil Rights Compliance Review with the PSD at the pre-closing. This is normally in the format of an informal interview to help her gather the information for the review.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

Joseph D. Crickenberger  
Rural Development Specialist

CC: State Director  
USDA- Rural Development

Steptoe and Johnson ✓  
Bond Counsel

William C. Thurman  
Attorney at Law

Thrasher Engineering, Inc.  
Consulting Engineers

Harris & Company.  
Certified Public Accountants





STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305

BOB WISE  
GOVERNOR

September 12, 2001

The Honorable Donnie R. Tenney  
President  
Upshur County Commission  
38 West Main Street, Room 302  
Buckhannon, West Virginia 26201

FILE

Dear Commissioner Tenney:

On August 9, 2000, the Upshur County Commission received a commitment of \$1,250,000 in Small Cities Block Grant (SCBG) funds for the Hodgesville Public Service District Waterline Extension project.

The SCBG award was based upon your immediate need for funds. Therefore, only \$250,000 was made available from the FY2000 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Upshur County Commission's ability to proceed with this worthwhile project, I am committing the remaining \$1,000,000 from the FY2001 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

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

I am pleased to work with you to make this improvement a reality for the citizens of for the Upshur County.

Very truly yours,

A handwritten signature in black ink that reads "Bob Wise".

Bob Wise  
Governor

BW:dhd

cc: Rosemary Wagner, Region VII



STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305

CECIL H. UNDERWOOD  
GOVERNOR

August 9, 2000

The Honorable Donnie Tenney  
President  
Upshur County Commission  
40 West Main Street  
Buckhannon, West Virginia 26201

Dear Commissioner Tenney:

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

I am pleased to approve your request in the amount of \$1,250,000. These funds will assist you with upgrading the existing water distribution system and with extending service to Hackers Creek, Bridge Run, Hall Road, and the Peeltree community.

In order to effectively use the limited dollars available, I hereby commit \$250,000 from our fiscal year 2000 allocation that will immediately be available to you. The remaining \$1,000,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contract in order to proceed with your project.

It is with pleasure that I am able to assist with these improvements for the citizens of Upshur County.

Very sincerely,

Cecil H. Underwood

CHU:jrs



HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A  
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Bank One, West Virginia, National Association, Buckhannon, West Virginia (the "Bank"), hereby certify that on December 18, 2002, the Bank received an automated transfer in the amount of \$176,300 to the credit of the Project Construction Account, Account Number 631799038 for the Series 2002 A Bonds.

WITNESS my signature on this 18th day of December, 2002.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION

By: Sharon McNamee VP  
Its: Authorized Officer

09/03/02  
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CH547297.1