

**HODGESVILLE PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)**

**BOND TRANSCRIPT**

**Closing Date: April 14, 2011**

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**HODGESVILLE PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)**

**BOND RESOLUTION**

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**HODGESVILLE PUBLIC SERVICE DISTRICT**

**RESOLUTION**

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC 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 \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 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. The 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 constructed and designed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting construction of two separate water line extensions within the District's boundary and to provide potable water service to 74 additional customers in Buckhannon District, Upshur County (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 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 Project is \$1,893,115 of which \$1,500,000 will be obtained from the proceeds of sale of the Series 2011 A Bonds, herein authorized.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), in the aggregate principal amount of \$1,500,000 (the "Series 2011 A Bonds"), to permanently finance a portion of the cost of such acquisition and construction in the manner herein 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 2011 A Bonds prior to, during and for six months after completion of such improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and 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; 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 2011 A Bonds as to liens, pledge and source of and security for payment being the Issuer's (i) Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated July 16, 1979, issued in the original aggregate principal amount of \$225,000 (the "Series 1977 Bonds"); (ii) Water Revenue Bonds, Series 1982 (United States Department of Agriculture), dated August 9, 1982, issued in the original aggregate principal amount of \$615,000 (the "Series 1982 Bonds"); and (iii) Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated December 18, 2002, issued in the original aggregate principal amount of \$1,850,000 (the "Series 2002 A Bonds") (collectively the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2011 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 2011 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated April 9, 2009, 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 2011 A Bonds, or will have so complied prior to issuance of the Series 2011 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 2011 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 2011 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 2011 A Bonds and the Prior Bonds.

“Chairman” means the Chairman of the Governing Body.

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

“Consulting Engineer” 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.

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

“Depository Bank” means JPMorgan Chase Bank, N.A., Charleston, 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 April 9, 2009, 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 2011 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 the Series 1977 Bonds, the Series 1982 Bonds, and the Series 2002 A Bonds.

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

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

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

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

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

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

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

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

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

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

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

“Secretary” means the Secretary of the Governing Body.

“Series 1977 Bonds” means the Issuer’s Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated July 16, 1979, issued in the original aggregate principal amount of \$225,000.

“Series 1982 Bonds” means the Issuer’s Water Revenue Bonds, Series 1982 (United States Department of Agriculture), dated August 9, 1982, issued in the original aggregate principal amount of \$615,000.

“Series 2002 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated December 18, 2002, issued in the original aggregate principal amount of \$1,850,000.

“Series 2011 A Bonds” means the Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

“Series 2011 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 A Bonds in the then current or any succeeding year.

“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 Payment 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 \$1,893,115, 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 Project is estimated to cost \$1,893,115 of which \$1,500,000 will be obtained from proceeds of the Series 2011 A Bonds, \$240,000 will be obtained as a grant from the Purchaser, and approximately \$153,115 will be obtained from an Abandoned Mine Lands grant.

**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 2011 A Bonds of the Issuer, to be known as “Water Revenue Bonds, Series 2011 A (United States Department of Agriculture)”, are hereby authorized to be issued in the aggregate principal amount of \$1,500,000, for the purpose of (i) financing a portion of the cost of the acquisition and construction of the Project, and (ii) paying certain costs of issuance and related costs not otherwise provided for.

Section 3.02. Description of Bonds. The Series 2011 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 2011 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.75% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$6,180, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond.

The Series 2011 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 2011 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 2011 A Bonds, and the right to principal of and stated interest on the Series 2011 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 2011 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 2011 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 2011 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2011 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 2011 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2011 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 2011 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2011 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 2011 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 2011 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 2011 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 2011 A Bonds shall cease to be such officer of the Issuer before the Series 2011 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 2011 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 2011 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 2011 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2011 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 2011 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 2011 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 2011 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 2011 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:

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(FORM OF BOND)

UNITED STATES OF AMERICA  
HODGESVILLE PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2011 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,500,000

No. AR-1

Date: \_\_\_\_\_, 2011

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 \_\_\_\_\_% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made

by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

This Bond is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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 \_\_\_\_\_, 2011, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for

similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (I) WATER REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 16, 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000 (THE "SERIES 1977 BONDS"); (II) WATER REVENUE BONDS, SERIES 1982 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 9, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$615,000 (THE "SERIES 1982 BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,850,000 (THE "SERIES 2002 A BONDS") (COLLECTIVELY THE "PRIOR BONDS").

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

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IN WITNESS WHEREOF, 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:

188 Fayette Street  
(P.O. Box No. or Street Address)

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

ATTEST:

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

Secretary:

EXHIBIT A

RECORD OF ADVANCES

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

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

(Form of Assignment)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

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

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

- (1) Revenue Fund (established by Prior Resolution);
- (2) Renewal and Replacement Account (established by Prior Resolution as Depreciation Reserve and hereby renamed and continued);
- (3) Reserve Account for Series 1977 Bonds and Series 1982 Bonds; and
- (4) Series 2011 A Bonds Project Construction Account.

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

- (1) Series 2002 A Bonds Reserve Account (established by Prior Resolution);  
and
- (2) Series 2011 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2011 A Bonds shall be deposited upon receipt by the Issuer in the Series 2011 A Bonds Project Construction Account. The monies in the Series 2011 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2011 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2011 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2011 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2011 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2011

A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2011 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2011 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2011 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2011 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2011 A Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Resolutions to pay the interest on the Prior Bonds; and (ii) to the National Finance Office the amount required to pay interest on the Series 2011 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, on or before the due date thereof, remit (i) to the National Finance Office the amount required by the Prior Resolutions to pay the principal of the Prior Bonds; and (ii) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2011 A Bonds, the amount required to amortize the principal of the Series 2011 A Bonds.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the Reserve Account for the Series 1977 Bonds and Series 1982 Bonds; (ii) remit to the Commission the amounts required by the Prior Resolutions to be deposited in the Reserve Account for the Series 2002 Bonds; and

(iii) beginning on the date specified by the purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2011 A Bonds Reserve Account equals the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 A Bonds Reserve Requirement.

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

Whenever the money in the Series 2011 A Bonds Reserve Account shall be sufficient to prepay the Series 2011 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2011 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 2011 A Bonds Reserve Account. All amounts required for the Series 2011 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2011 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2011 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2011 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 2011 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2011 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2011 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 2011 A Bonds, provide evidence that there will be at least 74 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.

**ARTICLE V  
GENERAL COVENANTS, ETC.**

Section 5.01. General Statement. So long as the Series 2011 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2011 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2011 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 2011 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. So long as the Series 2011 A Bonds are outstanding, 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 2011 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2011 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 after issuance of the Series 2011 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 A Bonds.

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

So long as the Series 2011 A Bonds and the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions

contained in this Resolution then Outstanding; and

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

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2011 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 2011 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 2011 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 2011 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 2011 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 2011 A Bonds at the date specified for payment thereof;
- (b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2011 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and
- (c) If a default occurs with respect to the Prior Bonds or the Prior Resolutions.

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

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2011 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2011 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 2011 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 consistent with the provisions hereof, shall be as set forth in the Recommended Decision dated May 24, 2010 which became Final Order of the Public Service Commission of West Virginia on June 13, 2010, in Case No. 10-0014-PWD-CN and are incorporated herein by reference as a part hereof.

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

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

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

and accounted for in the same manner as other Revenues of the System.

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

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

## ARTICLE VII MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2011 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 2011 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 2011 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 2011 A Bonds, the Issuer may not defease the Series 2011 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 2011 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 2011 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) or the Prior Resolutions.

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 Date. This Resolution shall take effect immediately upon its adoption.

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Adopted this 12th day of April, 2011.

HODGESVILLE PUBLIC SERVICE DISTRICT

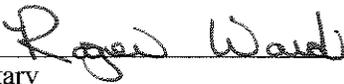
By: *Robert L. Wright*  
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HODGESVILLE PUBLIC SERVICE DISTRICT on the 12th day of April, 2011.

Dated: April 14, 2011.

[SEAL]

  
Secretary

03.25.11  
415080.00002



United States Department of Agriculture  
Rural Development  
Elkins Area Office

March 16, 2011

Mr. Robert L. Wright, Chairman  
Hodgesville Public Service District  
188 Fayette Street  
Buckhannon, WV 26201

COPY

Dear Chairman Wright:

This letter is to confirm that the pre-closing meeting for the USDA Rural Development, Rural Utilities Service (RUS) loan and grant on the upcoming Hodgesville PSD Red Rock, Sauls Run, Spruce Fork Waterline Extension Project is planned for April 12, 2011, at 10:00 a.m. The meeting will be held at the Hodgesville PSD office located at 188 Fayette Street, Buckhannon, West Virginia. A pre-construction conference will follow at 11:00 a.m. The official loan and grant closing date for the PSD's project will be April 14, 2011. The project attorney should attend the pre-closing meeting, and the project accountant should be available for consultation if needed.

Reference is made to the RUS Letter of Conditions dated April 9, 2009. All of the requirements set forth in the Letter of Conditions must be met and the loan must be closed in accordance with RUS Instruction 1780. Many of the aforementioned items from the Letter of Conditions have already been addressed. Those items remaining to be satisfied prior to loan and grant closing include:

1. The certification on the Loan Resolution (RUS Bulletin 1780-27) will be completed at the pre-closing meeting.
2. The Grant Agreement (RUS Bulletin 1780-12) will be properly executed at the pre-closing meeting.
3. 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 April 14, 2011. It should include an attached list of all the rights-of-way needed for the project identifying which ones have been obtained and recorded.

---

Randolph Center Building • 1200 Harrison Avenue, Suite 150 • Elkins, West Virginia 26241  
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4. The PSD's attorney must furnish a Form RD 1927-10, Final Title Opinion, on all land(s) acquired for this project. 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 April 14, 2011, and they should include legal descriptions (and plats if they are available).
  5. In accordance with Item 10(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. If the PSD was unable to obtain the necessary property rights for any tract or right-of-way, at minimum a "right of entry" must be obtained for all properties before the pre-closing.
  6. In accordance with the Legal Services Agreement, the 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. The attorney must sign the certification in the contract specification book, and record the payment and performance bonds as appropriate.
  7. 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 if this has not already been done.
  8. No later than the date of the pre-closing meeting, the PSD must provide written evidence that all required insurance coverage and fidelity bond coverage has been obtained in accordance with Item 13 of the Letter of Conditions.
  9. All applicable Public Service Commission certificates and/or approvals must be obtained prior to closing, and a copy provided to RUS. We have a copy of the order that became final on June 13, 2010.
  10. The Contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions". The PSD will be given a notice of the debarment requirements pertaining to contractors that work on the project and the Chairman will sign an acknowledgement that the PSD received the debarment notification.
  11. As soon as possible, but no later than the pre-closing meeting, the PSD must provide a written certification that they have a complete Vulnerability Assessment (VA) and Emergency Response Plan (ERP) in accordance with Item 15 of the Letter of Conditions.
  12. The first requisition for project funds should be created and submitted for Rural Development review as soon as possible. Once it is approved, the bond counsel will need to know the amount so that the bond can be completed.
-

13. Please be prepared to have a properly called meeting of the PSD's Board of Directors during the pre-closing process. Also please bring any official seal that the PSD uses for authenticating documents.
14. Nancy Taylor, Rural Development Technician in our office, is planning to complete a Civil Rights Compliance Review with the PSD at the pre-closing. An informal interview with PSD staff will be necessary to enable Nancy to complete the review process.

Thank you for doing business with USDA Rural Development. We look forward to working with you and your staff on the construction phase of this project. A copy of the most recent Project Budget is enclosed. It should be noted that this project was funded with USDA Rural Development ARRA (American Recovery and Reinvestment Act) money. See Item 1 of the Letter of Conditions. ARRA funds come with requirements for certifications, for reporting, for the usage of American made products, and for the usage of Davis-Bacon wages. Some guidance has been provided to the PSD and to the project engineer on these provisions, but if additional information is needed about the ARRA regulations or about any other item set forth in this letter, please contact this office at your earliest convenience.

Sincerely,

Joseph D. Crickenberger  
Rural Development Specialist

Enclosure:

cc: State Director  
USDA- Rural Development  
1550 Earl Core Road, Suite 101  
Morgantown, WV 26505

Katy Mallory, P.E. ✓  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

Matthew Fluharty, P.E.  
Thrasher Engineering, Inc.  
P.O. Box 1532  
Clarksburg, WV 26301

Jillian R. Spencer, CPA  
Spencer CPA & Associates, PLLC  
P.O. Box 2560  
Buckhannon, WV 26201

Thomas R. Ross, II  
Attorney at Law  
P.O. Box 2448  
Elkins, WV 26241

WV Div. of Environmental Protection  
Office of Abandoned Mine Lands &  
Reclamation  
601 57<sup>th</sup> Street  
Charleston, WV 25304

**POST BID BUDGET - MARCH 11, 2011**  
**Project Construction Budget**  
**Hodgesville Public Service District**  
**Red Rock, Sauls Run, Spruce Fork Waterline Extension**

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>RUS GRANT</u>	<u>AML GRANT</u>	<u>TOTAL</u>
<b>Total Construction = \$1,247,706.10</b>				
CONTRACT 1 - Dans Marine Service	\$ 768,457.10	\$ 240,000.00	\$ 53,749.00	\$ 1,062,206.10
CONTRACT 2 - Mid-Atlantic Storage	\$ 185,500.00	-	-	\$ 185,500.00
AML RED ROCK CONTINGENCY	-	-	99,366.00	\$ 99,366.00
RUS CONSTRUCTION CONTINGENCY	\$ 62,000.00	-	-	\$ 62,000.00
LAND & RIGHTS	\$ 12,500.00	-	-	\$ 12,500.00
LEGAL FEES - T.R. Ross	\$ 17,500.00	-	-	\$ 17,500.00
BOND COUNSEL - Steptoe & Johnson	\$ 20,000.00	-	-	\$ 20,000.00
ACCOUNTING - Jillian Spencer, CPA	\$ 2,500.00	-	-	\$ 2,500.00
ENGINEERING FEES - Thrasher Engineering	\$ 232,800.00	-	-	\$ 232,800.00
Preliminary Engineering - \$23,500				
Design - \$105,500				
Inspection - \$86,300				
Special - \$17,500				
INTEREST - (2 Yrs @ 3.75%)	\$ 112,000.00	-	-	\$ 112,000.00
ARCHEOLOGICAL MONITORING	\$ 2,000.00	-	-	\$ 2,000.00
PERMITS & FEES (WVDOH & DEP)	\$ 20,000.00	-	-	\$ 20,000.00
FOREST VIEW UPGRADES & EQUIPMENT	\$ 50,000.00	-	-	\$ 50,000.00
ADMINISTRATION	\$ 8,000.00	-	-	\$ 8,000.00
PROJECT CONTINGENCY	\$ 6,742.90	-	-	\$ 6,742.90
<b>TOTAL</b>	<b>\$ 1,500,000.00</b>	<b>\$ 240,000.00</b>	<b>\$ 153,115.00</b>	<b>\$ 1,893,115.00</b>



*Bond Counsel*  
*Katy McNary*

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

April 9, 2009

COPY

Robert Wright, Chairman  
Hodgesville Public Service District  
188 Fayette Street  
Buckhannon, WV 26201

Dear Mr. Wright:

This letter, with Attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$1,500,000, an RUS grant in the amount of \$240,000, and other funding in the amount of \$153,115, for a total project cost of \$1,893,115. The other funding is planned in the form of a grant from the West Virginia Abandoned Mine Lands 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. All parties may access our web-site located at [www.usda.gov/rus/water/](http://www.usda.gov/rus/water/) for the following:

- a. RUS Instruction 1780
- b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
- c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

75 High Street, Federal Building, Suite 320, Morgantown, WV 26505-7500  
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Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).

- d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 – RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 4 - "Government Auditing Standards" (Revised July 2007) (Accountant Copy) – This may be accessed at [www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm).
- Attachment No. 5 – Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 6 – Declination Statement (Applicant and Attorney Copies)
- Attachment No. 7 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
- Attachment No. 8 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
- Attachment No. 9 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
- Attachment No. 10 – Labor Standards Provisions (Engineer Copy) (ARC Projects)
- Attachment No. 11 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. American Recovery and Reinvestment Act of 2009 ("Recovery Act").

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

- a. Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.
- b. Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide

specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.

- c. Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.
- d. Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

**Compliance with the conditions in this section is required for financing under the Recovery Act.** However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

2. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
3. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 3.75% interest rate and a monthly amortization factor of .00412, which provides for a monthly payment of \$6,180.00. 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, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as a part of this financing, you move any existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

You are reminded that 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 or time.

4. Security – The loan must be secured by a statutory lien of shared 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 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
5. Users – This conditional commitment is based upon you providing evidence that you will have at least 1,149 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 45 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD’s existing water 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.

6. Bond Counsel Services – The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
7. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, “Standard Form of Agreement between Owner and Engineer for Professional Services” (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
8. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience “RUS Legal Services Agreement” is enclosed for your use.
9. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
  - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
  - b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to 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.

Rural Development regulations (RD Instruction 1780) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. "Government Auditing Standards" (Revised July 2007), and RUS Bulletins 1780-30 and 1780-31 outline audit requirements. This information is available on the websites referenced on Pages 1 and 2 of this letter.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

10. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
  - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
  - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the 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. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

- e. On the day of loan closing, the 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.

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

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

12. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and 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.

13. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and

bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

- a. General Liability Insurance – This should include vehicular coverage.
- b. Workers' Compensation – In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to \$300,000, or the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
  - i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
  - ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs,

standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

14. Environmental Requirements –

- a. Mitigation – At the conclusion of the proposal’s environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those action(s) are required for successful completion of the project and must be adhered to during project design and construction:
- b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

15. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

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

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

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

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

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped

individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

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

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

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

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

17. Contract Documents, Final Plans and Specifications –

a. The contract documents should consist of the following:

- (1) EJCDC Document No. C-521, 2002 Edition, “Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price” and EJCDC Document No. C-710, 2002 Edition, “Standard General Conditions of the Construction Contract – Funding Agency Edition” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) “RUS Supplemental General Conditions.”
- (3) “Labor Standards Provisions” – Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy

of this item is attached hereto (Attachment No. 10). Additional copies must be reproduced by the engineer.

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version)," is available on the website reference on Page 1 of this letter or can be provided by the RUS Area Office upon request.

- 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. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
    - (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.
18. Disbursement of Funds – The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

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

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

**Public Bodies**

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

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

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

The 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.

19. 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.
20. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
21. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 1940-1 – “Request for Obligation of Funds”

RUS Bulletin 1780-12 – “Water or Waste System Grant Agreement”

RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”

Form RD 400-1 – “Equal Opportunity Agreement”

Form RD 400-4 – “Assurance Agreement”

Form AD 1047 – “Certification Regarding Debarment – Primary”  
Form AD 1049 – “Certification Regarding Drug-Free Workplace”  
Form RD 1910-11 – “Applicant Certification, Federal Collection Policies”  
RD Instruction 1940-Q, Exhibit A-1, “Certification for Contracts, Grants and Loans”  
Standard Form LLL – “Disclosure of Lobbying Activities” (If Applicable)  
Certification of Compliance  
Form RD 1942-46, “Letter of Intent to Meet Conditions”

22. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.
23. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

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

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely yours,

*Dianne Goff Crysler 4/9/09*  
DIANNE GOFF CRYSLER  
Acting State Director

Enclosures

cc: Rural Development Specialist  
Elkins, WV

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Harris and Company  
P.O. Box 732  
Buckhannon, WV 26201

Thomas R. Ross, II  
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Elkins, WV 26241

Matthew W. Fluharty, P.E.  
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Clarksburg, WV 26301

Bond Counsel

West Virginia Division of Environmental Protection  
Office of Abandoned Mine Lands and Reclamation  
601 57<sup>th</sup> Street  
Charleston, WV 25304

Attachment No.1 to Letter of Conditions

For: Hodgesville PSD - Red Rock, Sauls Run, Spruce Fork, Waterline Extension Project

Date: April 9, 2009

**Project Construction Budget**  
**Hodgesville Public Service District**  
***Red Rock, Sauls Run, Spruce Fork Waterline Extension***

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>RUS GRANT</u>	<u>AML GRANT</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 966,985	\$ 173,000	\$ 153,115	\$ 1,293,100.00
CONSTRUCTION CONTINGENCY	\$ 103,500	\$ 25,900	\$ -	\$ 129,400.00
LAND & RIGHTS	\$ 12,500	\$ -	\$ -	\$ 12,500.00
LEGAL FEES	\$ 14,000	\$ 3,500	\$ -	\$ 17,500.00
BOND COUNSEL	\$ 20,000	\$ -	\$ -	\$ 20,000.00
ACCOUNTING	\$ 2,500	\$ -	\$ -	\$ 2,500.00
ENGINEERING FEES	\$ 203,700	\$ 29,100	\$ -	\$ 232,800.00
Peliminary Engineering - \$23,500				
Design - \$105,500				
Inspection - \$86,300				
Special - \$17,500				
INTEREST - (2 Yrs.)	\$ 120,000	\$ -	\$ -	\$ 120,000.00
ARCHEOLOGICAL MONITORING	\$ 7,000	\$ -	\$ -	\$ 7,000.00
WVDOH INSPECTION	\$ 18,000	\$ -	\$ -	\$ 18,000.00
FOREST VIEW UPGRADES	\$ 8,000	\$ 2,000	\$ -	\$ 10,000.00
ADMINISTRATION	\$ 6,400	\$ 1,600	\$ -	\$ 8,000.00
PROJECT CONTINGENCY	\$ 17,415	\$ 4,900	\$ -	\$ 22,315.00
<b>TOTAL</b>	<b>\$ 1,500,000</b>	<b>\$ 240,000</b>	<b>\$ 153,115</b>	<b>\$ 1,893,115</b>

**Rates**

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	7.25	per M gallons
Next	8,000	gallons @	6.25	per M gallons
Over	10,000	gallons @	5.30	per M gallons

**Minimum Charge**

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

5/8"	meter	\$18.20	per month
3/4"	meter	\$27.30	per month
1"	meter	\$45.50	per month
1 1/4"	meter	\$66.43	per month
1 1/2"	meter	\$91.00	per month
2"	meter	\$145.60	per month
3"	meter	\$273.00	per month
4"	meter	\$455.00	per month
6"	meter	\$910.00	per month
8"	meter	\$1,456.00	per month

**Delayed Payment Penalty**

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

If any bill is not paid within sixty (6) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

**Connection Charge**

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$3 50.00 for connection to the system.

**Use and Income Analysis - See Attached**

**Cash Flow Analysis - See Attached**

Attachment No. 1 the Letter of Conditions  
 For: Hodgesville PSD - Red Rock, Sauls Run, Spruce Fork Waterline Extension Project  
 Date: April 9, 2009

**HODGESVILLE PSD - RED ROCK, SAULS RUN, SPRUCE FORK WATERLINE EXTENSION  
 USE AND INCOME ANALYSIS  
 EXISTING SYSTEM -- PROPOSED RATES**

Blocking	Cust.	M Gal/ Mo.	Minimum Bills	First 2,000	Next 8,000	Over 10,000	TOTAL REVENUE
0 - 2,000	311	622.00	311				
2,001 - 10,000	742	3,566.00		1484.00	2082.00		
Over 10,000	51	1,244.00		102.00	408.00	734.00	
<b>Monthly Total</b>	<b>1104</b>	<b>5,432.00</b>	<b>311</b>	<b>1586.00</b>	<b>2490.00</b>	<b>734.00</b>	
<b>Proposed Rates</b>				\$ 18.20	\$ 9.10	\$ 7.84	\$ 6.65
<b>Monthly Revenues</b>				\$ 5,660.20	\$ 14,432.60	\$ 19,521.60	\$ 44,495.50
<b>Annual Revenues</b>				\$ 67,922.40	\$ 173,191.20	\$ 234,259.20	\$ 533,946.00

**Rounded Annual Revenue = \$ 533,946.00**

Attachment No. 1 the Letter of Conditions  
 For: Hodgesville PSD - Red Rock, Sauls Run, Spruce Fork Waterline Extension Project  
 Date: April 9, 2009

**HODGESVILLE PSD - RED ROCK, SAULS RUN, SPRUCE FORK WATERLINE EXTENSION  
 USE AND INCOME ANALYSIS  
 PROPOSED NEW CUSTOMERS -- PROPOSED RATES**

Blocking	Cust.	M Gal/ Mo.	Minimum Bills	First 2,000	Next 8,000	Over 10,000	TOTAL REVENUE
0 - 2,000	23	46.00	23				
2,001 - 10,000	22	72.00		44.00	28.00		
Over 10,000	0	0.00		0.00	0.00	0.00	
<b>Monthly Total</b>	<b>45</b>	<b>118.00</b>	<b>23</b>	<b>44.00</b>	<b>28.00</b>	<b>0.00</b>	
<b>Proposed Rates</b>			<b>\$ 18.20</b>	<b>\$ 9.10</b>	<b>\$ 7.84</b>	<b>\$ 6.65</b>	
<b>Monthly Revenues</b>			<b>\$ 418.60</b>	<b>\$ 400.40</b>	<b>\$ 219.52</b>	<b>\$ -</b>	<b>\$ 1,038.52</b>
<b>Annual Revenues</b>			<b>\$ 5,023.20</b>	<b>\$ 4,804.80</b>	<b>\$ 2,634.24</b>	<b>\$ -</b>	<b>\$ 12,462.24</b>

**Rounded Annual Revenue = \$ 12,462.00**

Attachment No. 1 to the Letter of Conditions

For: Hodgesville PSD - Red Rock, Sauls Run, Spruce Fork Waterline Extension Project

Date: April 9, 2009

**HODGESVILLE PSD - RED ROCK, SAULS RUN, SPRICE FORK EXTENSION  
OPERATING BUDGET PROPOSED RATES**

OPERATING INCOME		
Metered Sales	\$	546,408
Other Operating Revenues	\$	8,934
TOTAL OPERATING INCOME		<u>\$ 555,342</u>
NON OPERATING INCOME		
Interest income	\$	672
TOTAL NON OPERATING INCOME		<u>\$ 672</u>
TOTAL INCOME		<u>\$ 556,014</u>
EXPENSES		
O & M	\$	280,740
Taxes	\$	-
TOTAL EXPENSES		<u>\$ 280,740</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 275,274</u>
DEBT SERVICE		
Existing Bonds P & I	\$	156,732
Proposed RUS Bond P & I	\$	74,160
TOTAL DEBT SERVICE (B)		<u>\$ 230,892</u>
RESERVES		
Existing Debt Service Reserves	\$	13,198
Proposed R&R Reserve - 2.5% of Revenue	\$	13,884
Proposed RUS Debt Service Reserve	\$	7,416
TOTAL ANNUAL RESERVES		<u>\$ 34,498</u>
SURPLUS (DEFICIT)		<u>\$ 9,884</u>
DEBT COVERAGE (A/B)		\$ 1.19

Based on an RUS loan of \$1,500,000 @ 3.75% for 38 years, an RUS grant of \$240,000 and an AML Grant of \$153,115

Attachment No. 2 to Letter of Conditions  
 For: Hodgesville Public Service District (Waterline Extension)  
 Date: April 9, 2009

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

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
	DUNS Number	1		Applicant		Have	3
	CAIVRS Number	1		RUS		Have	CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		Have	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		Have	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		Have	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RUS Legal Services Agreement	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5
	Site Visit		S.I. 1780-2	RUS		Have	3
	Processing Conference	1	1780.39(a)	RUS		Have	3
	Environmental Report	2	1794	Applicant		Have	3
	Environmental Assessment	2	1794	RUS/ Engineer			3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant			3
	Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have
Staff Engineer PER Review		1	1780.33(c)	RUS			3
Bill Analysis for existing system(s)		2	1780.33(c)	Applicant/ Engineer		Have	8
Projected Bill Analysis for New Users		2	1780.33(c)	Applicant/ Engineer		Have	8
Statement reporting the total number of potential users			1780.33(c)	Applicant/ Engineer		Have	8
Rate Tariff		2	1780.33	Applicant		Have	8
Applicant's IRS Tax Number(TIN)		1	1780.33(g)	Applicant		Have	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS		Have	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	2	1780.41(a)	RUS		Have	1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS		Have	3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	Certifications on VA and ERP	1		Applicant			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7

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

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

FINAL

6/13/2010

Entered: May 24, 2010

CASE NO. 10-0014-PWD-CN

HODGESVILLE PUBLIC SERVICE DISTRICT,  
a public utility, Buckhannon, Upshur County.  
Application for a Certificate of  
Convenience and Necessity to construct  
two separate water line extensions  
within the District's boundary and to  
provide potable water service to 74  
additional customers in Buckhannon  
District, Upshur County.

RECOMMENDED DECISION

PROCEDURE

On January 7, 2010, Hodgesville Public Service District (District) filed a duly verified application for a certificate of public convenience and necessity to construct two separate water line extensions and to provide potable water service to 74 additional customers in Buckhannon, Upshur County, West Virginia. According to the application, the construction will cost \$1,893,115. The construction will be financed with a loan in the amount of \$1,500,000 and a grant in the amount of \$240,000 from the United States Department of Agriculture-Rural Utilities Service and a grant from the West Virginia Department of Environmental Protection in the amount of \$153,115.

By Order of the Commission entered on January 7, 2010, the Hodgesville Public Service District was ordered to publish the Notice of Filing of its certificate application and to provide the Commission with proper affidavits of publication immediately after notice was provided.

On January 8, 2010, the District filed additional information in support of its application, including a preliminary engineering report, a final engineering report and plans and specifications related to the project.

By Order of the Commission entered on January 20, 2010, the Commission referred the certificate application to the Division of Administrative Law Judges with a decision due date of May 24, 2010, if there was no timely substantial protest received to the publication of

the application, or, if timely substantial protest was received, the decision due date would be June 22, 2010.

On January 27, 2010, the District filed an affidavit of publication which confirmed that notice of the project was published on January 22, 2010, in The Record Delta, a newspaper published in Buckhannon, West Virginia.

On February 18, 2010, Commission Staff filed an Initial Joint Staff Memorandum recommending interim rates for the District. According to Commission Staff, the District was operating at a cash flow deficit of \$9,187 and had debt service coverage well below the required 115%, which Staff calculated to be at 97.61%. Notwithstanding the District's request that it receive a 10% interim rate increase, Commission Staff recommended an across-the-board interim rate increase of 6.4%. Under Staff's February 18, 2010 recommended interim rates, Staff explained that approximately \$27,420 in additional annual operating revenue would be generated, which should provide the District with a cash surplus of \$18,233 for additional capital additions and would bring the District's debt service coverage to slightly in excess of the required 115%.

The District filed a letter on March 16, 2010, requesting that Staff reconsider its interim recommended rates. The District argued that, as of March 16, 2010, it had only \$74,909.63 in its reserve account. The District explained that its reserves were dwindling because, for the past four months, it had to draw down on reserves in order to meet operating expenses. The District also argued that the interim increase would only provide an additional \$2,176 per month, which was inadequate to provide the District with any meaningful relief when its operating expenses were considered.

On March 25, 2010, an Interim Recommended Decision was entered in this case which approved the Staff-recommended interim rates for non-project-related operating expenses.

On March 26, 2010, a Procedural Order was issued which directed the District to file an amended Form No. 14, which correctly set forth the rates and charges for the proposed project and the non-project-related rate increase so that an Amended Notice of Filing could be published. Citing to Case No. 09-1063-PWD-42T-PC-PW-CN, Mason County Public Service District (March 23, 2010), the Administrative Law Judge feared that the District would only receive the published rates, which clearly would not support the proposed project or meet the District's level of revenue needed for its going-level operations.

On April 2, 2010, the District filed an objection to the approved interim rates arguing that the rates recommended by Staff did not equal a 6.4% increase and that the debt service reserve surcharge included in those rates by Staff should be removed since the reserve surcharge became effective in 2002. Specifically, the District requested that the Commission reissue an order which approved the corrected rates. Additionally, the District filed a revised/amended Form No. 14.

On April 6, 2010, Commission Staff filed a revised interim rate recommendation. At that time, Staff recommended as follows:

<u>Metered Rates</u> (Current)	<u>Recommended Rates</u>	<u>% Increase</u>
First 2,000 gallons used per month \$7.25 per 1,000 gallons	\$7.71 per 1,000 gallons	6.3%
Next 8,000 gallons used per month \$6.25 per 1,000 gallons	\$6.65 per 1,000 gallons	6.4%
Next 10,000 gallons used per month \$5.30 per 1,000 gallons	\$5.64 per 1,000 gallons	6.4%

On April 7, 2010, the District filed a copy of the funding award letter received for the proposed project from the West Virginia Department of Environmental Protection confirming the availability and commitment of \$153,115 for the project.

On April 8, 2010, Commission Staff filed its final substantive recommendation regarding the District's certificate application, including revised rates for the non-project-related operations. According to Staff's final substantive recommendation, the non-project-related rates would have to increase significantly above the revised interim rates that were filed on April 6, 2010.

Also on April 8, 2010, the Commission's Executive Secretary mailed a copy of Staff's final substantive recommendation regarding the District's certificate application, including revised rates for the non-project-related operations, to the District along with a cover letter advising the District that it could respond to the recommendation within ten (10) days of the date of the cover letter. As of today's date, the District has not objected to Staff's rate recommendation for either its going-level operations or the proposed project once constructed.

By three (3) Orders simultaneously issued on April 9, 2010, the Administrative Law Judge withdrew the March 25, 2010 Interim Recommended Decision entered in these matters; issued a Procedural Order requiring the publication of an Amended Notice of Filing, which gave notice of Staff's final substantive rates for both the project-related and non-project-related requirements; and entered a Second Interim Recommended Decision, approving, on an interim basis and subject to refund, the April 8, 2010 final non-project-related rates.

On May 4, 2010, the District filed affidavits of publication evidencing that the publication requirements ordered on April 9, 2010, had been fulfilled by publication of the Notice of Interim Rate Increase, Revised Notice of Interim Rate Increase, Approved Interim Rates, and Amended Notice of Filing on either April 12 or 16, 2010, in The Record Delta, a newspaper published in Buckhannon, West Virginia. The Amended Notice of Filing was published on April 16, 2010; therefore, the 30-day protest period expired on May 17, 2010.

#### DISCUSSION

Since there has been no protest filed in response to the various notice publications in this case and since the District has not expressed disagreement with Staff's final substantive recommendation, this case is now ripe for decision.

I. Going-level non-project-related rates

As required, the District published notice that it had sought an interim rate increase that was not project-related and it also published notice of the interim rate increase approved for its going-level operations. The affidavits of publication were filed with the Commission on May 4, 2010. No protest has been filed to those publications. Therefore, finality will be given to those rates. The rates attached to this decision as Appendix A are established as the District's current rates for use until the project is constructed and in service, immediately following the date that this decision becomes a final order of the Commission. According to Staff's analysis, the increase will allow the District to achieve sufficient operating revenues to generate approximately \$30,130 in surplus, annually, and provide debt service coverage of 123%. See, Staff Rule 42 Exhibit, Statement F, Schedule 2, Sheet 1 of 2.

II. Discussion of project and project-related rates

As previously discussed, the proposed project for which the Hodgesville Public Service District seeks approval will enable it to provide potable water service to 74 additional customers in Buckhannon, Upshur County, West Virginia. In order to provide the service, it will be necessary for the District to construct two separate water line extensions which will be funded with a United States Department of Agriculture-Rural Utilities Service loan in the amount of \$1,500,000, a United States Department of Agriculture-Rural Utilities Service grant in the amount of \$240,000 and a grant from the West Virginia Department of Environmental Protection in the amount of \$153,115, for a total project cost of \$1,893,115. All funding commitment letters have been filed with the Commission.

According to Engineering Staff, the project is necessary because of the poor quality of groundwater throughout eastern Upshur County and because some of the customers that will be served by the proposed project have had their water supplies impacted by abandoned mining activities. In particular, Staff noted that the predominant groundwater is either contaminated with harmful pathogens or contains objectionable levels of minerals. The District is a sale-for-resale customer that purchases its total supply from the City of Buckhannon. The City has ample reserve capacity to meet the additional demand, if the project is constructed. Unfortunately, however, the District's unaccounted-for water losses recorded for the year ended June 30, 2009, are slightly more than double the Commission's targeted 15%, which, in Staff's opinion, indicates that the District should develop and implement improved measures and practices to reduce its level of water loss and improve water accountability. Staff suggested that, as a starting point, the District complete an initial water audit in accord with the latest American Water Works Association recommendations.

Along with the two separate water line extensions to be constructed, the District will construct, inter alia, new utility service lines, 74 meter settings, 9 new fire hydrant assemblies, one new booster station, and one new water storage tank. Given the estimated cost of the proposed project and the customers that will be served, the cost per customer is \$25,853, indicating that this is a relatively expensive extension.

According to Engineering Staff, the project-related operation and maintenance (O&M) increase proposed by the District is excessive. Therefore, Staff proposed an O&M increase of \$7,300 based on the scope and design of the project and the Staff Engineer's experience. The Staff Engineer also reviewed various documents, including the Commission's Water Rules and the project's engineering plans and specifications. The Staff Engineer found no apparent conflicts with the Commission's current rules and regulations. Additionally, the Staff Engineer noted that the West Virginia Bureau for Public Health issued Permit No. 18,361 for the project, indicating its approval of the project's design. Finally, the Staff Engineer noted that the District has secured most of the major permits associated with the project's construction and, therefore, recommended approval of the project contingent upon the District's receipt of all necessary permits and approvals prior to construction. The Staff Engineer further recommended that all missing permits and approvals be filed with the Commission upon receipt and that construction of the project should not commence unless all permits and approvals as well as a certificate of public convenience and necessity have been issued.

In establishing the proposed rates for the project, Staff took into consideration the requirements of the bond ordinance which requires that the District fund a debt service reserve account, depositing ten percent (10%) of its annual payment into a separate account until the separate account contains an amount equal to one full year's repayment of the loan, or an amount equal to \$74,160. Additionally, since the lender requires that a depreciation/renewal and replacement reserve be funded in an amount equal to 2.5% of the District's operating reserves, Staff funded this account also. In addition to the adjustment made to O&M expenses, as recommended by the Staff Engineer, adjustments were made to property insurances, uncollectibles expense, regulatory commission expense, purchased water, power costs, maintenance, and meter-reading labor. The adjustments, when considered in total, equaled an 18.65% across-the-board increase in rates and charges above the recommended interim rates, yielding a cash flow surplus of \$30,297 and debt service coverage of 119%. See, Staff Rule 42 Exhibit, Statement F, Schedule 2, Sheet 1 of 2.

Accordingly, the rates attached to this decision as Appendix B are established as the District's approved rates for use upon completion of the project. Furthermore, Staff's recommendations will be approved as the final resolution of this case.

#### FINDINGS OF FACT

1. On January 7, 2010, Hodgesville Public Service District filed a duly verified certificate application for a certificate of public convenience and necessity to construct two separate water line extensions and to provide potable water service to 74 additional customers in Buckhannon, Upshur County, West Virginia. The proposed construction is estimated to cost \$1,893,115 and would be financed with a loan in the amount of \$1,500,000 and a grant in the amount of \$240,000 from the United States Department of Agriculture-Rural Utilities Service and a grant from the West Virginia Department of Environmental Protection in the amount of \$153,115. (See, January 7, 2010 filing).

2. The District has obtained binding commitment letters for the project's funding which are all contained in the case file. (See, case file generally).

3. The project, once constructed, will enable the District to provide potable water service to 74 additional customers whose water service has been impacted by abandoned mine activity and groundwater that is either contaminated with harmful pathogens or contains objectionable levels of minerals. (See, Final Joint Staff Memorandum filed April 8, 2010).

4. The project has been issued Permit No. 18,361 by the West Virginia Bureau for Public Health, indicating that agency's approval of the project's design. There are no obvious conflicts with the Commission's Water Rules and the District has secured most of the major permits associated with the project's construction. (See, Final Joint Staff Memorandum filed April 8, 2010).

5. Without the interim rates previously approved herein, the District's rates would be generating a cash flow deficit. The Staff-recommended increased non-project-related rates should produce sufficient operating revenues to generate approximately \$30,130 in surplus, annually, and provide debt service coverage of 123%. (See, Final Joint Staff Memorandum filed April 8, 2010; Staff Rule 42 Exhibit, Statement F, Schedule 2, Sheet 1 of 2).

6. Proper notice of the project was published by Amended Notice of Filing on April 16, 2010, in The Record Delta, a newspaper published in Buckhannon, West Virginia. The 30-day protest period expired on May 17, 2010. No protest to the publication of the Amended Notice of Filing has been filed with the Commission. (See, affidavits of publication filed May 4, 2010; case file generally).

#### CONCLUSIONS OF LAW

1. It is reasonable to grant the certificate application, subject to the conditions recommended by Commission Staff, since the proposed project is both convenient and necessary, the funding for the project has been committed, the water source for the project is sufficient, and the Staff-recommended project-related rates are sufficient, but not more than sufficient, to cover the District's operating expenses, debt service and capital additions.

2. The previously approved non-project-related interim rates should be approved as the District's final rates, to be effective until project completion, since those rates are sufficient, but not more than sufficient, to cover the District's going-level operating expenses, debt service and capital additions.

#### ORDER

IT IS, THEREFORE, ORDERED that the Staff-recommended final non-project-related rates and charges, attached hereto as Appendix A, be, and they hereby are, approved for use by Hodgesville Public Service District for all water service rendered by it on and after the date that this Order becomes final.

IT IS FURTHER ORDERED that the certificate application filed by Hodgesville Public Service District on January 7, 2010, to provide potable water service to 74 additional customers at a cost of \$1,893,115 be, and hereby is, approved.

IT IS FURTHER ORDERED that the proposed project financing, consisting of a United States Department of Agriculture-Rural Utilities Service loan in the amount of \$1,500,000, a United States Department of Agriculture-Rural Utilities Service grant in the amount of \$240,000 and a grant from the West Virginia Department of Environmental Protection in the amount of \$153,115, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended project-related rates, attached hereto as Appendix B, be, and hereby are, approved for use by Hodgesville Public Service District for all water service rendered upon substantial completion of the project.

IT IS FURTHER ORDERED that Hodgesville Public Service District seek and obtain additional Commission approval, if there are any changes in the plans, the scope or rates for the project. If, however, there is a change in financing that does not affect rates, the District need only file a statement from its certified public accountant that its rates remain unaffected.

IT IS FURTHER ORDERED that Hodgesville Public Service District file copies of the permits and approvals that are necessary for the project's construction once they are received, but prior to the start of construction.

IT IS FURTHER ORDERED that Hodgesville Public Service District file with the Commission an original and at least six (6) copies of a revised tariff, reflecting the rates and charges approved in Appendix B, no later than thirty (30) days after the date of substantial completion of the project.

IT IS FURTHER ORDERED that Hodgesville Public Service District file a copy of the engineer's certified tabulation bids with the Commission, within ten days of the bid opening date, for each construction contract or vendor bid contract to be awarded for the project.

IT IS FURTHER ORDERED that Hodgesville Public Service District file a copy of the "Certificate of Substantial Completion" with the Commission for each contract within ten days of issuance.

IT IS FURTHER ORDERED that Hodgesville Public Service District comply with all rules and regulations of the Department of Highways, if any of the Department of Highways' rights-of-way are utilized during construction.

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

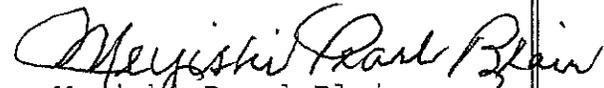
The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested,

upon all parties of record who have not filed an e-service agreement with the Commission.

Leave is hereby 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 order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order 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 order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

  
Meyish Pearl Blair  
Administrative Law Judge

MPB:s:cdk  
100014ae.wpd

HODGESVILLE PUBLIC SERVICE DISTRICT  
CASE NO. 10-0014-PWD-CN

APPROVED NON-PROJECT-RELATED RATES

APPLICABILITY

Applicable within the entire service territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METERED RATES

First	2,000 gallons used per month	\$7.99 per 1,000 gallons
Next	8,000 gallons used per month	\$6.89 per 1,000 gallons
All Over	10,000 gallons used per month	\$5.84 per 1,000 gallons

MINIMUM CHARGE

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

5/8-inch meter	\$ 15.98 per month
3/4-inch meter	\$ 23.97 per month
1 -inch meter	\$ 39.95 per month
1-1/2-inch meter	\$ 79.90 per month
2 -inch meter	\$127.84 per month
3 -inch meter	\$255.68 per month
4 -inch meter	\$399.50 per month
6 -inch meter	\$799.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

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

RECONNECTION \$15.00

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

LEAK ADJUSTMENT

\$1.67 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District up to a maximum of \$15.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars, whichever is greater.

HODGESVILLE PUBLIC SERVICE DISTRICT  
CASE NO. 10-0014-PWD-CN

APPROVED PROJECT-RELATED RATES

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	\$9.48 per 1,000 gallons
Next	8,000 gallons used per month	\$8.17 per 1,000 gallons
All Over	10,000 gallons used per month	\$6.93 per 1,000 gallons

MINIMUM CHARGE

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

5/8-inch meter	\$ 18.96 per month
3/4-inch meter	\$ 28.44 per month
1 -inch meter	\$ 47.40 per month
1-1/2-inch meter	\$ 94.80 per month
2 -inch meter	\$151.68 per month
3 -inch meter	\$303.36 per month
4 -inch meter	\$474.00 per month
6 -inch meter	\$948.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION \$15.00

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

LEAK ADJUSTMENT

\$2.07 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District up to a maximum of \$15.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars, whichever is greater.

HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)

RECEIPT FOR SERIES 2011 A BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies this 14th day of April, 2011 as follows:

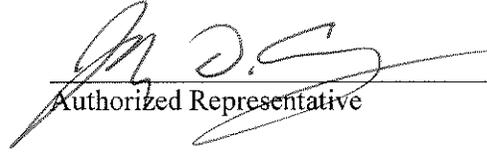
1. On the 14th day of April, 2011, at Buckhannon, West Virginia, the undersigned received for the Purchaser the Hodgesville Public Service District Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), No. AR-1 (the "Series 2011 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$1,500,000, dated the date hereof, bearing interest at the rate of 3.75% per annum, payable in monthly installments as stated in the Bond. The Series 2011 A Bonds represent the entire above captioned Bond issue.

2. At the time of such receipt, the Series 2011 A 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 \$160,900, being a portion of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

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

  
Authorized Representative

03.25.11  
415080.00002

**SPECIMEN**

UNITED STATES OF AMERICA  
HODGESVILLE PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2011 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,500,000

No. AR-1

Date: April 14, 2011

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 FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), plus interest on the unpaid principal balance at the rate of 3.75% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$6,180, 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 is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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 April 12, 2011, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (I) WATER REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 16, 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$225,000 (THE "SERIES 1977 BONDS"); (II) WATER REVENUE BONDS, SERIES 1982 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 9, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$615,000 (THE "SERIES 1982 BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,850,000 (THE "SERIES 2002 A BONDS") (COLLECTIVELY THE "PRIOR BONDS").

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

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IN WITNESS WHEREOF, 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.

[CORPORATE SEAL]

HODGESVILLE PUBLIC SERVICE DISTRICT  
(Name of Borrower)

*[Signature]*  
(Signature of Executive Official)

Chairman:

188 Fayette Street  
(P.O. Box No. or Street Address)

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

ATTEST:

*[Signature]*  
(Signature of Attesting Official)

Secretary:

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$160,900	04/14/2011	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

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

(Form of Assignment)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_\_\_.

In the presence of:

\_\_\_\_\_

HODGESVILLE PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2011 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,500,000

REGISTRATION BOOKS

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

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	April 14, 2011	United States Department of Agriculture	

03.25.11  
415080.00002



Chase Tower, Eighth Floor  
P.O. Box 1588  
Charleston, WV 25326-1588  
(304) 353-8000 (304) 353-8180 Fax  
www.step-toe-johnson.com

Writer's Contact Information

April 14, 2011

Hodgesville Public Service District  
Water Revenue Bonds, Series 2011 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 \$1,500,000 Water Revenue Bonds, Series 2011 A (United States Department of Agriculture) dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on April 12, 2011 (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's (i) Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated July 16, 1979, issued in the original aggregate principal amount of \$225,000 (the "Series 1977 Bonds"); (ii) Water Revenue Bonds, Series 1982 (United States Department of Agriculture), dated August 9, 1982, issued in the original aggregate principal amount of \$615,000 (the "Series 1982 Bonds"); and (iii) Water Revenue Bonds,

Series 2002 A (United States Department of Agriculture), dated December 18, 2002, issued in the original aggregate principal amount of \$1,850,000 (the "Series 2002 A Bonds") (collectively the "Prior Bonds").

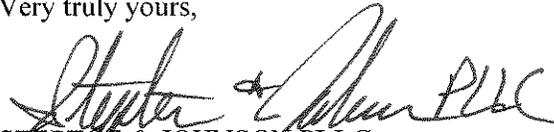
4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

**THOMAS R. ROSS II**

**Attorney at Law**  
209 Randolph Avenue  
P.O. Box 2448  
Elkins, WV 26241

**Phone: (304) 637-0117**  
**email: trross@citynet.net**

**Facsimile: (304) 637-0119**

April 14, 2011

Hodgesville Public Service District  
Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)

Hodgesville Public Service District  
Buckhannon, West Virginia

United States Department of Agriculture  
Elkins, West Virginia

Steptoe & Johnson PLLC  
Charleston, 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 April 12, 2011 (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 relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

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

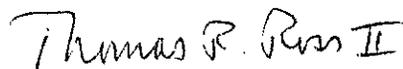
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Upshur County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds or the Resolution, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Net Revenues therefor.

Very truly yours,



THOMAS R. ROSS, II, ESQUIRE

HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 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. CONFLICT OF INTEREST
15. PROCUREMENT OF ENGINEERING SERVICES
16. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Hodgesville Public Service District, in Upshur County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 14th day of April, 2011, in connection with the Hodgesville Public Service District Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$1,500,000 (the "Series 2011 A Bonds") as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2011 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated April 9, 2009, and all amendments thereto, and the Resolution of the Issuer duly adopted on April 12, 2011, authorizing issuance of the Series 2011 A Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein. The Series 2011 A Bonds are being issued on this date to (i) finance a portion of the cost associated with the acquisition and construction of the Project, and (ii) pay certain costs associated with the cost of issuance and related costs not otherwise provided for.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any

manner the issuance and delivery of the Series 2011 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2011 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2011 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2011 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2011 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia (the "PSC") dated May 24, 2010, in Case No. 10-0014-PWD-CN, which became a Final Order on June 13, 2010, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's (i) Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated July 16, 1979, issued in the original aggregate principal amount of \$225,000 (the "Series 1977 Bonds"); (ii) Water Revenue Bonds, Series 1982 (United States Department of Agriculture), dated August 9, 1982, issued in the original aggregate principal amount of \$615,000 (the "Series 1982 Bonds"); and (iii) Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated December 18, 2002, issued in the original aggregate principal amount of \$1,850,000 (the "Series 2002 A Bonds") (collectively the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2011 A Bonds as to liens, pledge and/or service 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 hereof, officially execute and seal the Series 2011 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2011 A Bonds for the Issuer.

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

Bond Resolution

Prior Bond Resolutions

Consent of USDA to Issuance of Parity Bonds

USDA Letter of Conditions, with all amendments

Public Service Commission Order(s)

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

United States Department of Agriculture Loan Agreement

United States Department of Agriculture Grant Agreement

Evidence of Abandoned Mine Lands grant

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:

Name	Date of Commencement of Office	Date of Termination of Office
Robert Wright	August 5, 2006	August 5, 2012
Roger Ward	August 5, 2008	August 5, 2014
Donnie Kincaid	August 5, 2010	August 5, 2016

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2011 are as follows:

Chairman	–	Robert Wright
Secretary	–	Roger Ward

The duly appointed and acting Attorney for the Issuer is Thomas R. Ross, II, Esquire, of Elkins, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2011 A 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 Series 2011 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2011 A Bonds, the undersigned Chairman received \$160,900, being a portion of the principal amount of the Series 2011 A Bonds. Further advances of the balance of the principal amount of the Series 2011 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2011 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 3.75% per annum is payable from the date of each respective advance.

The Series 2011 A 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 Series 2011 A 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 official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed (as applicable), qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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 and Commitment of the Purchaser, as amended, and the Resolution. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code.

12. CONNECTIONS, ETC.: The Issuer will serve at least 74 bona fide users with the System upon the completion of the Project, 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 the Purchaser.

14. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2011 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

15. 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.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official corporate seal of HODGESVILLE PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Robert E. Wright

Chairman

Roger Ward

Secretary

Thomas R. Ross II

Attorney for Issuer

03.21.11  
415080.00002

HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Kenneth P. Moran, Registered Professional Engineer, West Virginia License No. 11309, 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.

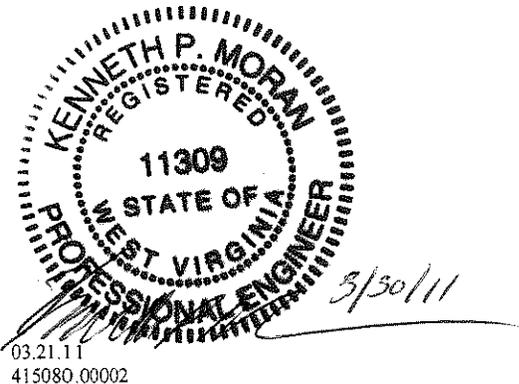
I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

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

I further certify that the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code.

WITNESS my signature on this 14th day of April, 2011.

Thrasher Engineering, Inc.



  
Kenneth P. Moran, P.E.  
West Virginia License No. 11309

Spencer CPA & Associates, P.L.L.C.

06  
28 OCT 2010  
JRS

PO Box 2560  
Buckhannon, WV 26201  
(304)472-1928

245 N. River Avenue  
Weston, WV 26452  
(304)269-2269

Member: American Institute of Certified Public Accountants • WV Society of Certified Public Accountants

September 24, 2010

Joseph Crickenberger,  
Rural Development Specialist  
Rural Development Office  
1200 Harrison Avenue  
Elkins, WV 26241

Re: Hodgesville Public Service District

Mr. Crickenberger,

Per the request of Hodgesville Public Service District, I provide you with the following:

1. The Hodgesville Public Service District has established a general ledger with a chart of accounts which is acceptable and in conformity with the West Virginia Public Service Commission, the United States General Accounting Office's Government Auditing Standards (2007 revision), the USDA Rural Utilities Services, and the bond resolution. As evidence of such, copies of the chart of accounts and general ledger are available upon request from the Hodgesville Public Service District.
2. As of this date, the general ledger is operational and in existence whereby the required accounting can be performed by the Hodgesville Public Service District immediately upon commencement of the water project's construction.

If you have any further questions concerning the accounting records of the Hodgesville Public Service District or need further information, please give me a call.

Very truly yours,

*Jillian R. Spencer, CPA*

Jillian R. Spencer, CPA

Cc: Hodgesville Public Service District

*I Concur*  
*JRS* 9/28/10

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. Roosing, Jr., President of said Commission, Wilson C. Harper, Commissioner; and William C. Thurman, County Administrator.

[The following text is extremely faint and largely illegible due to the quality of the scan. It appears to be a list of items or minutes from a meeting.]

Hodgesville PSD

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

5848

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 1976  
*George A. Rossing Jr.*  
PRESIDENT

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

*George A. 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*  
Clerk County Commission  
By: *Pauline J. Hodgekiss*, Deputy

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. Cutright, 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'

X. 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 5.75 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 Clerk County Commission  
By: Pauline J. Hodgkins, Deputy

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

Pauline J. Hodgkins President

WEDNESDAY, MAY 6th, 1976

N. 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 south-easterly 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.

*George H. ...*  
President

ATTEST:

*Virginia K. Murray*  
Clark

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

*George H. ...* 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 11.89 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. 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.

Virginia K. Murray, Clerk  
Upshur County Commission

**BOARD MEMBER TERMS  
HODGESVILLE PSD**

DONNIE KINCAID: 08/05/2010 to 08/05/2016

ROGER WARD: 08/05/2008 to 08/05/2014

ROBERT WRIGHT: 08/05/2006 to 08/05/2012

A handwritten signature in black ink, appearing to read "Terry N Gould", written in a cursive style.

Terry N Gould  
Manager, Hodgesville PSD

Upshur County Commission Meeting  
August 17, 2006

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The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, August 17, 2006, at 9:00 a.m. Donnie R. Tenney called the meeting to order. There were present Donnie R. Tenney, Commissioner; Stephen P. Abel, Commissioner; Eugene C. Suder, Commissioner; William A. Parker, Administrator and Terri Jo Bennett, Secretary. The meeting began with a moment of silent meditation and prayer, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

Terry Gould, Manager for Hodgesville Public Service District, appeared before the Commission and provided an update/status report on the current PSD projects.

J. Michael Coffinan, Deputy for Home Confinement and Court Security and Project Director for the Community Corrections Program, appeared before the Commission to follow-up on the usage of a county owned vehicle for the Day Report Center. After discussion, on motion by Eugene C. Suder, seconded by Stephen P. Abel, the Commission approved the usage of the vehicle and \$1,000.00 for gas and maintenance. Deputy Coffinan also requested the purchase of a speed trailer. After review, on motion by Eugene C. Suder, seconded by Stephen P. Abel, the Commission approved to provide \$1,000.00 toward the purchase. (copy included)

Catherine F. Collins-Frye, OEM Director/Addressing and Mapping Coordinator, appeared before the Commission to review the current usage of FEMA property in Ellamore and the need to identify the property lines. (copies included) After discussion, on motion by Eugene C. Suder, seconded by Stephen P. Abel, the Commission approved to contact the County Surveyor to locate the property lines and set permanent corners.

The Commission recessed at 9:55 a.m.

The Commission reconvened at 10 :00 a.m.

Michael Roessing, Upshur Country Recreational Park Director, appeared before the Commission to review the procedures and responsibilities for lifeguards. Mr. Roessing provided an update/status report on the dumping of trash and debris at the Upshur Country Recreational Park. The Commission directed Mr. Roessing to follow-up. Michael Roessing also provided an update/status report on the July activities at the park.

On motion by Eugene C. Suder, seconded by Stephen P. Abel, the Commission approved the resignation letter from Nichole Fridley, Program Coordinator for the Tri-County Visitation Center. (copy included)

After discussion, on motion by Stephen P. Abel, seconded by Donnie R. Tenney, the Commission approved the reappointment of Carey Wagner to the Elkins Road Public Service District. (NOTE: Tenney and Abel for the motion; Suder against due to the fact the appointment does not expire until 9/30/06 and the public should have the right to have more time to comment on the appointment)

After discussion, on motion by Eugene C. Suder, seconded by Stephen P. Abel, the Commission approved the reappointment of Robert Wright to the Hodgesville Public Service District. (NOTE: Eugene C. Suder advised that he voted to reappoint Mr. Wright because no one had contacted him requesting to be placed on the Hodgesville PSD board and because he had not received any complaints against the PSD.)

After discussion, on motion by Eugene C. Suder, seconded by Stephen P. Abel, the Commission approved and authorized the Commission to sign the letter of support for the "5K For A Healthy Life" grant application. No action was taken at this time regarding the request for funding. (copy included)

After reading of the minutes, on motion by Eugene C. Suder, seconded by Stephen P. Abel, the Commission approved the regular meeting minutes of August 8, 2006 as presented. *10/29/2006*

The Commission recessed at 10:30 a.m.

The Commission reconvened at 10:40 a.m.

Debbie Thacker Wilfong, County Clerk, appeared before the Commission to provide an update on cost's associated with having a representative from ES&S in Upshur County on election night. No decision was made at this time and the Commission requested Ms. Wilfong to follow-up with additional information and report back. (NOTE: item not on the agenda, for report only)

The Commission approved the following final settlements:

- Gertie Mae Wright – Final Settlement Waiver
- Coralee L. Pringle, Infant – Release of Guardian
- Dustin G. Pringle, Infant – Release of Guardian
- Dominick L. Feola Trust – 2<sup>nd</sup> Annual Settlement

**Upshur County Commission Meeting  
August 17, 2006**

The Commission approved all invoices for payment. (copy included)

The Commission approved the following consolidation of land tracts: (copies included)

- Corporation District – Roberta Jean Alsop
- Corporation District – Byrd Management LLC
- Corporation District – Lois and Roger Marsh

The Commission approved the following purchase orders:

- Postmaster-Buckhannon - #07000137 - \$39.00
- Zyaxis Software - #07000142 - \$75.00
- Wal-Mart - #07000140 - \$100.00
- RD Wilson-Sons & Co - #07000138 - \$1,000.00
- Wal-Mart - #07000141 - \$37.48
- Eaton Electrical - #07000143 - \$900.00

The Commission approved or denied the following "Request to Attend Meeting" requests: (copies included)

- Catherine F. Collins-Frye – August 29, 2006 – Charleston, WV – approved
- Catherine F. Collins-Frye – September 21-22, 2006 – Institute, WV – approved

The Commission approved the following "Days out of the Office" for Commission employees: (copies included)

- Catherine F. Collins-Frye – August 21, 2006 – approved

The Commission approved the following exonerations and/or refunds: (copies included)

- Grace Ours Allman - #1714 - \$6.03
- Charles B Wilfong, II - #1715 – corrective ticket
- Tim and Kelley Holley - #1717 - \$145.08
- Bobby Joe Tallman - #1716 - \$2.13

The Commission received the following information: (copies included)

1. Correspondence from the State of West Virginia Consolidated Public Retirement Board concerning proposed 2007 Legislative Rule
2. Agendas and/or Notice of Meetings:
  - Upshur County Family Resource Network – August 14, 2006
  - Elkins Road PSD – September 5, 2006
  - Buckhannon River Watershed Association – August 16, 2006
  - James W. Curry Library and Park Advisory Board – August 16, 2006
3. Meeting Minutes and/or Financial Report Information:
  - Upshur County Family Resource Network – July 10, 2006
  - Buckhannon River Watershed Association – July 31, 2006
  - Community Corrections Board-July 17, 2006
  - Adrian PSD – July 14, 2006
4. Correspondence from Hodgesville Public Service District regarding appointment of the Project Engineers for Hodgesville PSD
5. Spay and Neuter Report for June and July 2006
6. Dog Warden Report – July 2006
7. Communication Center Report
  - Monthly activity report
  - Fire report
  - Wrecker report
8. Home Confinement Report – June and July 2006
9. Meetings:
 

• 08/01/06	6:00 p.m.	Elkins Road Public Service District
• 08/07/06	7:00 p.m.	Hodgesville Public Service District
• 08/09/06	7:00 a.m.	Buckhannon-Upshur Airport Authority
• 08/09/06	12:00 p.m.	Upshur County Development Authority
• 08/09/06	3:00 p.m.	Tennerton Public Service District
• 08/09/06	7:00 p.m.	Upshur County Litter Control Board
• 08/10/06	6:30 p.m.	UC Safe Structures & Sites Ordinance Board
• 08/10/06	1:00 p.m.	Adrian Public Service District

Upshur County Commission Meeting

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August 17, 2006

- 08/14/06 12:00 p.m. Upshur County Family Resource Network
- 08/14/06 6:00 p.m. Upshur County Solid Waste Authority
- 08/14/06 6:30 p.m. Buckhannon-Upshur Park & Recreation Ad. Bd.
- 08/15/06 10:00 a.m. Wes-Mon-Ty RCD
- 08/15/06 5:00 p.m. UC Enhanced Emergency Telephone Advisory Board
- 08/16/06 10:00 a.m. James W. Curry Advisory Board
- 08/16/06 4:00 p.m. Upshur County Public Library Board
- 08/16/06 6:30 p.m. 26<sup>th</sup> Community Corrections Board
- 08/16/06 6:00 p.m. Buckhannon-River Watershed Association
- 08/16/06 7:00 p.m. Lewis-Upshur LEPC
- 08/17/06 6:30 p.m. Upshur County Fire Board
- 08/17/06 6:30 p.m. Upshur County Youth Camp Board
- 08/21/06 7:00 p.m. Upshur County Fair Association
- 08/20/06 6:30 p.m. Upshur County Youth Camp Board
- 08/28/06 7:00 p.m. Region VII Planning & Development Council

10. Appointments Needed or Upcoming:

- Buckhannon-Upshur Airport Authority (City Manager 06/30/05) City of Weston
- Buckhannon-Upshur Airport Authority (Kenneth Davidson 06/30/06) County
- Buckhannon-Upshur Parks & Recreation Ad Bd. (Donnie Swisher 06/30/06) Bd. Ed.
- Buckhannon-Upshur Parks & Recreation Ad Bd. (Tracy Sheets 06/30/06) County
- James W. Curry Library & Park Advisory Board (Mary Weaver 12/31/06) County
- James W. Curry Library & Park Advisory Board (Jack Simons 12/31/06) County
- Elkins Road Public Service District (Carey Wagner 09/30/06) County
- Hodgesville Public Service District (Robert Wright 08/05/06) County
- Region VII Planning & Development Council (Terry Ware 12/31/06) County
- Region VII Planning & Development Council (Connie Tenney 12/31/06) County
- Region VII Planning & Development Council (Donnie Tenney 12/31/06) County
- Region VII Planning & Development Council (French Armstrong 12/31/06) County
- Region VII Planning & Development Council (Gray Frush 12/31/06) County
- Region VII Planning & Development Council (Andy Losh 12/31/06) County
- Upshur County Building Commission (Vacant Position 11/10/08) County
- Upshur County Building Commission (Joe Malcolm 11/10/06) County
- Upshur County Civil Service Board (Richard Kitzmiller 12/31/06) Deputies Assoc.
- UC Enhanced Emergency Telephone Ad. Bd. (Vacant Position 06/30/08)-Comm Rep.
- Upshur County Fire Board (Larry Stackpole 06/30/06) County-2<sup>nd</sup> District
- UC Safe Structures & Sites Enforcement Board (Vacant 06/30/06) Fire Chief
- UC Safe Structures & Sites Enforcement Board (Dr. Ramirez 06/30/06) County
- UC Safe Structures & Sites Enforcement Board (Mary Anne Dean 06/30/06) County

With no further business the meeting adjourned at 11:45 a.m.

40

# HIGHLIGHTS SYC

STOCKERT YOUTH CENTER ACTIVITIES  
Call 473-0145 for further information

OPEN HOUSE AT SYC SEPT. 5TH NEW PROGRAM REGISTRATION 6-8PM

AFTER-SCHOOL PROGRAM Begins Sept. 5th 4-6pm

TUTORING for all school age children for any subject begins Sept. 11th for 1 hr. twice a week \$10 per semester

KARATE every Wed. & Thurs. 6:30-8:30pm \$35/month

GIRL STUFF - Girl Scouts meet every 1st and 3rd Monday at 6pm



THE SKATE PARK IS OPEN



THE HEART GALLERY OF WA

WILL BE ON DISPLAY AT STOCKERT YOUTH CENTER  
SEPTEMBER 16 AND DURING THE CHILDREN'S FESTIVAL ON SEPT. 16TH  
VIEW THE "TODDERS OF HOPE" DISPLAY OF WV CHILDREN AWAITING ADOPTION  
SPONSORED BY THE DAVE THOMAS ADOPTION FOUNDATION AND MISSION WA

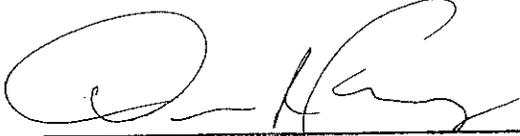


Story Time at Tennerton Upshur County Library every Thursday at 10:30am. A small craft project for children three and over is provided. Call 473-4219 for more information.

After-School Program at the Parish House K-middle school age will begin in September. Call Laurie or Carol at 473-8490 for more details. After-school programs for Valley Green and Hinkle Drive are in the planning stages please contact Laurie or Carol for more information.

Interested in 4-H? Contact Laurie at the Parish House. Groups are being formed for the Parish House, Valley Green and Hinkle Drive.

**Children's Festival  
September 16th at SYC  
Call 473-0145 for Information**

  
DONNIE R. TENNEY

Upshur County Commission  
July 24, 2008

The County Commission of Upshur County West Virginia, held their regular meeting at the Courthouse Annex on Thursday, July 24, 2008. At 8:30 a.m., on motion by Creed G. Pletcher, seconded by Eugene C. Suder, the Commission entered executive session per WV Code 6-9A-4 to discuss the sale, lease, and/or purchase of property. In attendance were present Donnie R. Tenney, Eugene C. Suder, Creed G. Pletcher, William A. Parker and Steve Foster. No decisions were made in executive session and the Commission returned to open session at 9:15 a.m.

At 9:20 a.m. Donnie R. Tenney called the regular session to order. There were present, Donnie R. Tenney, Commission; Eugene C. Suder, Commission; Creed G. Pletcher, Commissioner; William A. Parker, Administrator and Terri Jo Bennett, Administrative Assistant. The meeting began with a moment of silent meditation and prayer, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

Robert Orndorff, Dominion Hope, appeared before the Commission to provide an update/status report on the service in the Rock Cave area. County residents appeared and expressed their concerns with the costs associated with the service. Mr. Orndorff will obtain additional information and follow-up with the county residents.

Virgil Miller, Sheriff, and Matthew Gregory, City of Buckhannon Police Chief, appeared before the Commission to review an agreement for the purchase and use of a software program for collecting and reporting law enforcement incidents. David McCauley, City Attorney will draft the agreement and follow-up with Sheriff Miller. On motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved and authorized the President to sign the agreement pending review by Jacob E. Reger, Prosecuting Attorney and that the money is in the budget.

After reading of the minutes, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the regular meeting minutes of July 17, 2008 as submitted.

William A. Parker provided an update/status report on the maintenance vehicle quotes. The Commission will follow-up with Gary Bailey, Maintenance Supervisor.

After review by William A. Parker, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the bid from Brewer & Company of WV for the fire protection sprinkler for the Upshur County Communication Center Building in the amount of \$35,475.00.

After review, on motion by Creed G. Pletcher, seconded by Eugene C. Suder, the Commission approved the recommendation from Debbie Thacker Wilfong, County Clerk to employ Michelle Tonkin as a deputy clerk/assistant bookkeeper. Effective date of employment is July 28, 2008 at a rate of \$9.00 per hour. (copy included)

After review by Donnie R. Tenney, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the re-appointment of Roger Ward to the Hodgesville Public Safety District with a term ending August 5, 2014. (copy included)

After discussion, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the volunteer application for Roy Hildreth for the James Curry Library and Park facility for fiscal year 2008-2009.

The Commission approved all invoices for payment. (copy included)

The Commission approved the following purchase orders:

- Pool Queen - #09000160 - \$300.00
- M&S Services - #09000159 - \$2,500.00
- Creed Pletcher - #09000158 - \$200.00
- Rice Enterprises - #09000157 - \$500.00
- Eugene Suder - #09000156 - \$200.00
- Capitol Business Interior - #09000155 - \$950.00
- Staples Credit Plan - #09000154 - \$500.00
- CSSI - #09000153 - \$300.00
- Terri Jo Bennett - #09000152 - \$200.00
- William Parker - #09000151 - \$200.00
- Donnie Tenney - #09000150 - \$200.00
- Southern State Coop Inc - #09000149 - \$200.00
- Ralston Press Inc - #09000148 - \$400.00
- Quill Corp - #09000147 - \$500.00
- Quill Corp - #09000146 - \$298.39
- Quill Corp - #09000145 - \$1,000.00

The Commission approved the following consolidation of land tracts:  
(copies included)

- Meade District - Charles and Nancy Hinchman - sur 10.485 Waterloo Road
- Banks District - L E Jones - FS 49 and sur 10.45 Kanawha

The Commission approved or denied the following "time out of the office" for Commission employees: (copies included)

- Eva C. Bays - July 28-31, 2008 - approved
- Eva C. Bays - August 18-22, 2008 - approved
- Jan Cochran - July 31 2008 - approved
- Jan Cochran - August 1, 2008 and August 29, 2008 - approved
- Jan Cochran - August 7, 2008 - approved
- Jan Cochran - October 31, 2008 - approved
- Jan Cochran - November 3, 2008 and November 10, 2008 - approved
- Jan Cochran - December 22-26, 2008 and December 29-30, 2008 - approved
- Greg Harris - July 25, 2008 - approved
- Greg Harris - November 21, 24-26, 2008 - approved
- Greg Harris - December 5, 8, 12, 19, 24, 26 and 31, 2008 - approved

The Commission approved or denied the following "request to attend meeting" requests: (copy included)

- Terri Jo Bennett - Roane County, WV - July 30, 2008 - approved

The Commission approved the following exonerations and/or refunds:  
(copy included)

- Tammy or Donald Loudin - #2302 - \$6.68
- Debra and Robert Smith - #2301 - \$86.73
- Robert Jr & Robert Smith III - #2300 - \$347.60
- Jennifer Hyre or Sharon Cogar - #2299 - \$40.52
- Cora Rollyson - #2298 - \$45.02
- David & Jacqueline Ware - #2297 - \$230.50
- Charlotte & Gary Riffle - #2296 - \$172.08
- Michael & Susan Currence - #2295 - \$1.98
- Michael & Susan Currence - #2294 - \$2.65
- Michael & Susan Currence - #2293 - \$1.88
- Michael & Susan Currence - #2292 - \$5.38

- o Michael & Susan Currence - #2291 - \$1.98
- o Jeffrey Rapp - #2290 - \$39.02
- o Alan & Osie Blake - #2289 - \$70.98
- o Mark Campbell - #2288 - \$4.18
- o Mark Campbell - #2287 - \$5.30
- o Mark Campbell - #2286 - \$4.64
- o David & Sue Waggy - #2285 - \$248.72
- o Arkie or Bonnie Black - #2284 - \$172.08
- o Vitone Marc - #2283 - \$65.56
- o David Waggy - #2282 - \$4.96
- o Telford & Janet Stump - #2281 - \$220.95
- o Randall & Sherry McDaniels - #2280 - \$134.74
- o Robert & Julie Jones - #2279 - \$24.34
- o Allen or Estia Stanford - #2278 - \$9.81
- o Beatrice Grose - #2277 - \$6.97
- o Randal Shingleton - #2276 - \$305.45
- o Dessie Queen - #2275 - \$40.52
- o Kimberly Burr - #2274 - \$84.28
- o Jeffrey & Cheryl Adams - #2273 - corrective ticket
- o Ray Cutright - #2272 - \$23.23
- o Thomas or Beverly Keadle - #2271 - \$143.68
- o James Tenney - #2270 - \$16.26
- o Ida Amalfitano - #2269 - \$11.64
- o Roger Queen - #2268 - \$152.24
- o Mark Campbell - #2267 - \$2.06
- o Mark Campbell - #2266 - \$2.12
- o Mark Campbell - #2265 - \$2.06

The Commission met with Gary Bailey, Maintenance Supervisor, to review the vehicle quotes. After discussion and recommendation from Gary Bailey, the Commission directed William A. Parker to develop a bid packet for a regular bed/extended cab truck. Gary Bailey will follow-up with distribution to various car dealerships.

After review by Terri Jo Bennett, Addressing and Mapping Coordinator, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the following DOH road names in Upshur County: (the following is a complete listing of DOH road names)

**corrected from Deaver Rd to Old Mill Rd**	
*DOH Road Names approved 1/31/08	
*DOH Road Names approved 3/27/08	
*DOH Road Names approved 7/24/08	
Abbott Road	p/o CR 30; CR 32/1
Adrian School Road	CR 20/16
Airport Road	CR 7/7
Alexander Road	p/o CR 11
Allegheny Land Road	CR 3/14
Alton Ridge Road	CR 32/15; p/o CR 32
Alton Road	p/o CR 20/10; CR 32/7; p/o CR 32
Amalia Drive	CR 33/9
Anna Lee Drive	CR 4/26
Annie Oakley Road	p/o CR 3/6
Armory Road	CR 4/17
Art Benson Road	CR 16/9

Ash Camp Road	CR 32/19
Bailey Ridge Road	p/o CR 16/3; CR 16/4
Baptist Church Road	CR 20/28
Bargerhuff Lane	p/o CR 14/1
Bass Coal Road	CR 22/6
Beans Mill Road	p/o CR 32/17
Bear Camp Run Road	CR 9/17; p/o CR 11/18; p/o CR 11/19
Beaver Camp Road	p/o CR 11/18
Beaver Run Road	CR 32/3
Beech Run Road	CR 5/17
Beechtown Road	CR 20/11
Beetle Bailey Road	CR 14/2
Ben Curry Road	CR 46/2
Bennett Cemetery Road	CR 20/45
Bentley Road	CR 5/20
Bethlehem Road	p/o CR 11/9
Beverage Knob Road	p/o CR 42; p/o CR 42/2
Big Bend Road	p/o CR 30
Big Run Road	CR 32/14
Bill Grose Road	CR 30/6
Blackford Road	CR 4/6
Blondie McMurry Road	CR 1/6
Booney Hull Road	CR 30/3
Boy Scout Camp Road	CR 10/19; p/o CR 10/12
Bragg Road	p/o CR 20/22
Bridge Run Road	CR 5/2
Brittany Lane	CR 33/14
Brooks Hill Road	CR 11/17
Browning Road	CR 35/6
Brushy Fork Road	p/o CR 7; p/o CR 18
Bryan Foster Road	CR 9/4
BU Drive	CR 20/24
Buck Light Road	p/o CR 26/2
Buckhannon Mt. Road	p/o CR 12; CR 12/1
Bud Heflin Road	CR 32/22
Bull Run Road	CR 30/1
Bunk Hollow Road	CR 33/3
Burgham Road	CR 11/24
Burke Ridge Road	CR 10/15
Burnt Bridge Road	CR 28
Bush Run Road	CR 32/4
Calico Road	p/o CR 32/17
Camden Drive	CR 20/41
Canaan Road	CR 40/3; p/o CR 40
Carter Road	CR 11/6
Cave Run Road	CR 20/21
Centerville Road	CR 11/2
Charity Fork Road	CR 20/1
Cherry Fork Road	p/o CR 42
Chidester Road	CR 40/5
Childers Run Road	CR 5/9; p/o CR 5/11; CR 3/7
Childress Road	CR 11/26
Church Street	CR 4/21
Clarksburg Road	p/o SR 119; p/o SR 20
Claypool Hollow Road	CR 1/5
Clevenger Blacksmith Road	CR 14/3
Coon Club Road	p/o CR 38
Cory Hollow Road	p/o CR 1/11; CR 1/15
Country Club Road	CR 9/1
Cow Run Road	CR 20/14
Craddock Road	p/o CR 40
Creed Cutright Road	p/o CR 20/15
Creek Road	CR 5/27
Crooked Run Road	CR 20/25
Curry Road	CR 11/16

Cutright Chapel Road	p/o CR 32; p/o CR 32/17
Cutright Run Road	p/o CR 22
Daysville Shortcut Road	p/o CR 5/13
Demastic Road	CR 20/27
Democrat Ridge Road	p/o CR 30/18; CR 9/9
Derico Road	p/o CR 10/18
Dewey Rice Road	p/o CR 22
Dolph McVicker Road	CR 10/4
Drummond Lane	CR 6/7
East Zirkle Road	p/o CR 34
Eden Road	p/o CR 46; CR 46/4; p/o 40/6
Ellis Creek Road	CR 11/12
Ernie Kelley Road	CR 24/2
Ev Un Breth Acres Road	CR 4/9
Evergreen Road	p/o CR 32
Everson Road	p/o CR 3/3
Fallen Road	p/o CR 10
Finks Run Road	CR 5/5
Fishing Camp Road	p/o CR 4/7
Flat Rock Road	CR 9/22
Flatwoods Run Road	CR 20/13
Foggy Bottom Road	CR 1/4
Forest View Road	CR 12/2
Forever Laurel Road	p/o CR 40/6
Foster Street	p/o CR 9/25
Four Forks Road	p/o CR 11/11
Freemans Road	CR 32/2; p/o CR 32
French Reeder Road	CR 11/13
Frenchton Road	p/o CR 11
Frontage Road	CR 10/17
Gaines Road	p/o CR 40
Getout Run Road	p/o CR 40/4; CR 44/4
Gladly Creek Road	CR 52
Gladly Fork Road	CR 20/8; CR 18/2; p/o CR 18
Glassworks Road	CR 20/9
Goodwin Road	CR 24/1
Gormley Road	p/o CR 10/12
Goshen Road	CR 46/5; p/o CR 46
Gougerville Road	p/o CR 40/1
Gould Road	p/o CR 30
Grand Camp Road	CR 30/5; p/o CR 34
Grassy Run Road	CR 9/31; CR 22/4
Gregorytown Road	p/o CR 40/6
Groggs Road	CR 1/7
Groves Street	CR 9/29
Grubb Hollow Road	CR 20/43
Guy Hardman Road	p/o CR 44
Hackers Creek Road	p/o CR 1
Hale Smith Road	p/o CR 34
Hall Road	p/o CR 13
Hampton Road	CR 22/1
Handy Camp Road	p/o CR 10; p/o CR 3/1
Hardman Road	p/o CR 3/9
Harvey Golden Road	CR 11/8
Harvey Wentz Road	CR 10/9
Hatfield Lane	CR 6/2
Hawkins Road	CR 5/22; CR 16/7
Heaston Ridge Road	CR 35/3; p/o CR 42; CR 42/4; p/o CR 46/1; p/o CR 20/15
Heavner Grove Road	CR 5/12; CR 5/13; p/o CR 16/3; p/o CR 16/2
Hemlock Ridge Road	CR 30/19; CR 9/14
Herb Hyre Road	p/o CR 32
Hesper Road	CR 22/3
Hickory Flat Road	CR 9/2
Hidden Hills Road	CR 7/8 **can not find CR on map**

High Germany Road	CR 9/15; p/o CR 9/16
Hildreth Road	CR 1/1
Hill Street	p/o CR 9/27
Hinkle Ridge Road	CR 11/15
Holbrook Road	CR 5/25
Holly Grove Road	CR 11/7 and p/o CR 44
Hootin Hollow Road	p/o CR 16/5
Hovertown Road	CR 4/15
Howell Fork Road	CR 46/7
Hyres Drive	CR 11/25
Indian Camp Road	p/o CR 30/9; p/o CR 32/11; p/o CR 32/21; CR 32/13
Ira Moore Road	p/o CR 4/4
Island Run Road	CR 10/2
Ivanhoe Road	p/o CR 22/2
Ivy Road	CR 9/21
Jack Hill Road	CR 5/14
Jackson Fork Road	CR 9/12; CR 20/5; CR 9/23; CR 9/13
Jackson Street	CR 20/42
Jenks Fork Road	p/o CR 9
John Carr Road	CR 4/10
Jolynne Drive	CR 9/26
Kanawha Run Road	p/o CR 38
Karens Way	p/o CR 40/4
Kedron Road	p/o CR 26
Kellen Burger Road	CR 38/1
Kelley Ridge Road	p/o CR 30
Kesling Mill Road	p/o CR 3; CR 3/3
Kesling Ridge Road	CR 3/4
King Schoolhouse Road	CR 5/10
Knicely Road	CR 6/5
Knob Vista Road	p/o CR 119/2
Lanham Cemetery Road	CR 9/11; p/o CR 36
Laramey Road	p/o CR 20/15
Larry Anderson Road	CR 44/1
Larry Loudin Road	CR 32/5
Laurel Run Road	CR 24
Lee Glass Road	CR 9/6; p/o CR 16/6
Lick Run Road	p/o CR 20/7; CR 18/1
Light Chapel Road	p/o CR 20/7
Linger Road	CR 5/9
Little Pecks Run Road	CR 119/1
Little Sand Run Road	p/o CR 16
Little Trace Run Road	CR 20/18
Lockwood Lane	CR 1/10
Loudin Road	p/o CR 42/2
Louis Road	CR 32/6
Lucys Lane	CR 5/1
Lynn Camp Road	p/o CR 46
Macedonia Road	CR 4/5
Magnolia Road	p/o CR 11/9
Maher Road	CR 32/18
Manning Road	CR 9/19
Marteney Road	CR 6/3
Marvin Cayner Road	p/o CR 10/13
McCartney Drive	CR 33/6
McCartney Road	CR 4/12
McDermott Ridge Road	CR 3/2
McKenzie Drive	CR 4/25 and Harp 9/10
Mick Hill Road	CR 6/1
Middle Fork Bridge Road	CR 5/26
Midvale Lantz Road	CR 5/21
Millertown Road	CR 20/35
Millsite Run Road	CR 11/22
Morton Avenue	p/o CR 13
Mountain Ridge Road	p/o CR 16/3

Mt Carmel Road	CR 9/5; p/o CR 22
Mt Lebanon Road	CR 20/4
Mt Nebo Road	p/o CR 10
Mt Spring Road	CR 46/6
Mt Union Road	CR 16/10; p/o CR 16; p/o CR 26
Mt Zion Cemetery Road	p/o CR 10/14
Mt Zion Church Road	p/o CR 10/14; CR 10/16
Mud Lick Road	p/o CR 5/7; CR 6/4
Mud Run Road	CR 2/2
Mulberry Ridge Road	CR 20/29
Murphy Station Rd	CR 13/4; CR 4/1; p/o CR 4/4
Natural Bridge Road	p/o CR 11/4; CR 32/20
New Dawn Road	CR 20/26
Newlonton Road	p/o CR 44; p/o CR 50
Nora Reid Road	p/o CR 16/6
Normal Road	p/o CR 30/9; p/o CR 32/17; p/o CR 32/21
North Tenney Drive	p/o CR 9/27
Norvell Drive	p/o CR 9/25
Number 5 Mine Road	CR 20/2
Oak Grove Road	p/o CR 20/22
Oak Road	CR 5/23
Old Elkins Road	CR 151
Old Mill Road **	CR 11/3
Old Pritt Road	CR 18/4
Old Weston Road	p/o CR 12
Orchard Drive	Harp Rd 912
Osborne Run Road	CR 28/1
Oscar Sayre Road	CR 44/2
Ours Mill Road	CR 30/8
Palace Valley Road	p/o CR 9
Panther Fork Road	p/o CR 46/1
Panther Run Road	p/o CR 32
Pappy Dean Road	p/o CR 3/10
Paply Smith Road	CR 9/3
Pearl Miller Road	CR 44/3
Pecks Run Road	p/o CR 4/7; p/o CR 1/11
Perry Road	CR 16/8
Philippi Road	p/o SR 119
Phillips Dairy Road	p/o CR 16/2
Phillips Ridge Road	CR 34/2; p/o CR 32/11
Pleasant Ridge Road	CR 38/2
Poe Road	CR 10/6
Posey Road	CR 32/12
Post Road	CR 6/6
Preacher Tenney Road	CR 9/7; p/o CR 16/6
Pringle Mill Road	p/o CR 11/9
Pringle Tree Park Road	CR 20/6; p/o 119/2; p/o C 4/8
Queens Alley	CR 4/18
Raccoon Rock Road	p/o CR 11/4
Radabaugh Lane	p/o CR 4/8
Radabaugh Ridge Road	p/o CR 10
Ray Young Road	CR 11/5
Red Gould Road	CR 18/6
Red Knob Road	CR 9/20
Red Rock Road	CR 5/6
Reger Run Road	CR 11/21
Ridgeway Road	CR 7/1
Right Fork Road	CR 28/2
River Avenue	CR 16/12 (sign says Morgan Addn Rd)
River Church Road	CR 10/7
River Road	CR 4/13 - road next to TJM
Robey Ridge Road	CR 40/2
Robinson Road	CR 42/3
Rock Cave Road	SR 4
Rock Spring Road	p/o CR 3

Rooting Creek Road	CR 1/3
Rt 20 South Road	p/o SR 20
Russell Road	p/o CR 30/18
Sago Road	p/o CR 22; CR 30/7
Salem Ridge Road	p/o CR 40/1
Sand Fork Road	CR 3/12 ; p/o CR 3/3
Sand Run Road	CR 8
Sandstone Hollow Road	p/o CR 16/5
Santee Road	CR 4/3
Sassafras Road	CR 10/3
Sauls Run Road	p/o CR 5/1; p/o CR 14/1
scheduled for 7/28	p/o CR 22/3
scheduled for 7/28	CR 24/1
Selbyville Road	CR 11/14; p/o CR 44; CR 11/20
Seng Run Road	CR 32/9; p/o 11/11
Shackleford Lane	CR 18/5
Shobe Road	CR 4/23
Shumaker Road	CR 20/3
Skelton Road	p/o CR 22/2
Slab Camp Road	p/o CR 32
Smith Avenue	CR 7/6
Smokey Grose Road	CR 5/3
South Tenney Drive	CR 9/30
Spruce Fork Road	p/o CR 14
Squirrel Knob Road	CR 2/3
Still Run Road	p/o CR 10/14
Stonecoal Lake Road	p/o CR 7
Stony Run Road	p/o CR 14
Straight Fork Road	CR 35/2
Stranahan Road	p/o CR 30/21; p/o CR 30/16; CR 30/14
Suder Camp Road	p/o CR 10/13
Swamp Run Road	p/o CR 3
Tackle Run Road	CR 5/18
Tallmansville Road	p/o CR 9
Teal Queen Road	CR 2/1
Ten Mile Road	CR 9/8
Tennerton Drive	CR 20/37
Teter Crossing Road	CR 1/13
Teter Road	p/o CR 1
Three Lick Road	CR 20/5
Tillman Lane	CR 7/4
Tomey Road	CR 4/11
Trainer Road	CR 3/11
Trexel McCartney Road	CR 30/11
Trubie Run Road	CR 22/5
Turkey Run Road	CR 6
Turner Road	CR 13/3
Tykid Road	p/o CR 5/7
Upper Childers Run Road	p/o CR 5/11
Upper Pecks Run Road	CR 2
Upper Sand Run Road	p/o CR 3/6
Vegan Road	p/o CR 10/18
Vicksburg Road	CR 5/8
Wagner Road	CR 5/15
Wags Lane	CR 10/1
Walnut Drive	CR 9/28
Walnut Street	CR 20/34 (there is a Walnut St in City)
Walton Road	CR 20/17
Wamsley Road	CR 16/1
Warden Lane	CR 20/46
Waterloo Road	p/o CR 32; p/o CR 34
WBUC Road	CR 33/2
Wentz Ford Road	CR 4/2
Westphelia Way	CR 33/7
White Oak Run Road	CR 5/19

Whites Camp Road	CR 35/5
Wills Lane	CR 24/3
Winding Lane Road	CR 1/9
Winery Road	p/o CR 3
Wingfield Road	CR 10/11
Wolfe Ridge Road	p/o CR 3/9
Wolfgang Road	CR 46/3
Wolfpen Creek Road	CR 35/1
Yokum Road	CR 10/10
Zicks Road	CR 5/30; 5/29

The Commission approved the following final settlements:

- Paul Joseph Kelly – Final Settlement
- Helen Ruth Wagner – Final Settlement
- Elva J. Suder – Final Settlement

The Commission received the following information: (copies included)

1. Correspondence from the West Virginia Development Office Concerning Synthetic Fuel Funding for FY 2008
2. Correspondence from the West Virginia Statewide Address & Mapping Board Concerning the Benchmarks for the Completion of the Project
3. Correspondence from the Office of Environmental Health Services – Bureau of Public Health – Department of Health & Human Resources Concerning the Availability of Funds for the 2008 Local Wellhead & Source Water Protection Grant Program
4. Correspondence from the West Virginia Public Employees Insurance Agency Concerning GASB45 – Other Post-Employment Benefits Expense for FY 2008
5. Notice of Public Meeting on Monday, July 28, 2008 at the Bicentennial Inn from 5:00 p.m. until 8:00 p.m. Conducted by Allegheny Power & American Electric Power Concerning the Potomac-Appalachian Transmission Highline (PATH)
6. Correspondence Concerning the Local Government Leadership Academy Fall Conference on September 19-20, 2008
7. Correspondence from First Community Bank Concerning the Depository Bonds for the Fiscal Year Ending June 30, 2009
8. Correspondence to Micrologic Inc / 3W Logic LLC Concerning a Necessary Clarification Regarding the Additional Charge for Regulatory Access Fees
9. Spay & Neuter Report — June 2008
10. Dog Warden Report — June 2008
11. Agendas and/or Notice of Meetings:
  - Upshur County Solid Waste Authority—August 11, 2008
12. Meeting Minutes and/or Financial Reports:
  - Lewis-Upshur LEPC—June 25, 2008
  - Upshur County public Library Board—June 19, 2008
13. Meetings:
  - 07/01/08-6:00 p.m.-Elkins Road Public Service District
  - 07/01/08-7:00 p.m.-Hodgesville Public Service District
  - 07/08/08-7:00 a.m.-Buckhannon-Upshur Airport Authority
  - 07/09/08-7:00 a.m.-Upshur County Development Authority – Ex. Board
  - 07/09/08-10:00 a.m.-James W. Curry Advisory Board
  - 07/09/08-3:00 p.m.-Tennerton Public Service District
  - 07/09/08-7:00 p.m.-Upshur County Litter Control Committee

- Region VII Planning & Development Council — (Dr. Pamela Balch 12/31/08) — County
- Region VII Planning & Development Council — (Andy Duncan 12/31/08) — County
- Upshur County Building Commission — (AG Trusler 11/10/08) — County
- Upshur County Civil Service Board — (Terry D. Reed 12/31/08) — Bar Association
- Upshur County Development Authority — (Vacant Position 06/30/11) — County
- UC Enhanced Emergency Telephone Ad. Bd. — (Rebecca Phillips 06/30/08) — County
- UC Enhanced Emergency Telephone Ad. Bd. — (Betty Hinkle 06/30/08) — County
- Upshur County Fire Board — (Wyatt Long 06/30/08) — 1<sup>st</sup> Dist - Fire Assoc — County
- UC Safe Structures & Sites Ordinance Bd. — (G. Bonnett 06/30/08) — Fire Chief - County

With no further business, the meeting adjourned at 11:30 a.m.

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The regular meeting of the Upshur County Public Library Board of Trustees was held on June 19, 2008 at 4:00 p.m. at the library. Members present were Martha Feola, Lee Dixon, Mary Anne Crites, and Neil Brake. Also present were Sandy Bumgardner, Director; Patricia Tolliver, Assistant Director, and Wendy Hakes, Business Manager.

The minutes of the May board meeting were approved on a motion made by Mr. Dixon and seconded by Mr. Brake.

The May check register and financial report were approved on a motion made by Mr. Brake and seconded by Mr. Dixon.

Librarian's report:

- The Foster Grandparent for this year is Rosella McCartney. She is a Senior Program Volunteer. She will register the kids for the Summer Reading Program.
- The Summer Reading Program began on June 9<sup>th</sup>. To date, we have over 200 children registered.
- The 4-H displayed their projects and judged them in the library.
- The five required evaluations of our affiliate libraries have been completed. Also, the required visits, including attendance at one board meeting, to the affiliate libraries have been completed.
- The on-line postage is working well and we will continue using the program.
- The Upshur County Commission approved the re-appointment of Martha Feola to the Upshur County Public Library Board of Trustees.

Crites Electric installed 3 new circuits on June 19<sup>th</sup>. We now have four computers on each circuit as recommended.

The sick leave policy will be tabled until the next meeting. Additional changes are being made. The board requested that Kathy Wingfield be changed to a per diem employee not to exceed 50 hours per month with no paid holidays.

Dennis Xander telephoned Ms. Bumgardner and gave an update on the parking lot. Dennis stated that Sam Ludlow is gathering data on the specs for the parking lot and Chesapeake may help with materials.

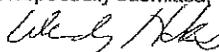
The 2009 Holiday list was approved on a motion made by Lee Dixon. Neil Brake seconded the motion. All were in favor.

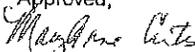
The Fiscal Year 2009 Budget was approved on a motion made by Mr. Dixon. Mary Anne Crites seconded the motion. All were in favor.

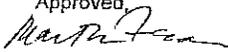
Under miscellaneous items, authorization was given, by the Helvetia Library Board, to pay their bills directly from the Upshur County checking account. Also, Ms. Bumgardner made the request to carry over her 5 vacation days that she was not able to use this year. Lee Dixon made a motion that the vacation days could be carried over and Neil Brake seconded the motion. All were in favor.

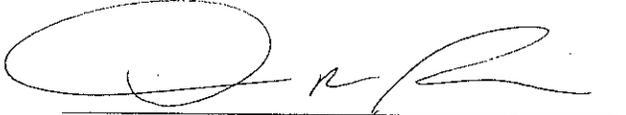
The next meeting will be July 16, 2008 at 4:00 pm.

The meeting was then adjourned.

Respectfully submitted,  
  
Wendy Hakes  
Business Manager

Approved,  
  
Mary Anne Crites  
Board Secretary

Approved,  
  
Martha Feola  
Board President

  
Donnie R. Tenney

## UPSHUR COUNTY COMMISSION MEETING

July 29, 2010

The County Commission of Upshur County West Virginia, held their regular meeting at the Courthouse Annex on Thursday, July 29, 2010 at 9:00 a.m. Donnie R. Tenney called the meeting to order. There were present Donnie R. Tenney, Commissioner; Eugene C. Suder, Commissioner; Creed G. Pletcher, Commissioner, William A. Parker, Administrator and Terri Jo Bennett, Administrative Assistant. The meeting began with a moment of silent meditation and prayer, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

After reading of the minutes, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the regular meeting minutes of July 15, 2010 as submitted.

After reading of the minutes, on motion by Creed G. Pletcher, seconded by Eugene C. Suder, the Commission approved the regular meeting minutes of July 22, 2010 as submitted.

Virgil D. Miller, Upshur County Sheriff, appeared before the Commission and requested the Commission to authorize the hiring of a Deputy Sheriff as a 90 day, temporary employee. Sheriff Miller and William A. Parker reviewed West Virginia Code 7-22-12, which sets hiring guidelines and procedure for this type of employment. No action was taken. Sheriff Miller, William A. Parker, Carol Smith Deputy County Clerk and Deputy Sheriff C. J. Day will follow up with cost figures and starting date and report back at a future meeting.

Sheriff Miller provided an update/report on Civil Service testing. Sheriff Miller will follow up with necessary action to keep the list current.

The Commission approved all invoices for payment. (copy included)

The Commission reviewed the list of purchase orders. (copy included)

The Commission approved the following exonerations and/or refunds: (copies included)

- E. Pauline Bunner-#2686-\$28.08
- Leon & Dorothy M. Lantz-#2690-\$600.60
- Honda Lease Trust-#2691-\$260.23
- Tetra Financial Group, LLC-#2692-Corrective Ticket
- Gary & Nora Sayre-#2693-\$311.28
- Gary & Nora Sayre-#2694-\$304.58
- Gary & Nora Sayre-#2695-\$304.09
- Gary & Nora Sayre-#2696-304.94
- Travis or Kathleen Miller-#2697-Corrective Ticket
- Johathan Cornette-#2698-\$20.42
- Betty Elizabeth Young-#2699-Corrective Ticket
- Helen C. Hawkins Revocable Living Trust-#2700-Corrective Ticket
- Gernie C. Shreve-#2701-\$4.32
- Darrel W. & Diane Lanham-#2702-\$62.80
- Gerald R. & Elaine B. Waugaman-#2703-\$8.62
- Freddie & Margaret Kasten-#2704-\$9.30
- Freddie & Margaret Kasten-#2705-Clerical Error

The Commission approved the following Final Settlements:

- John P. Cahill-Final Settlement
- Rosalee McElwain-Final Settlement
- Earnest Joseph Skinner-Final Settlement
- Roy Hale Smith-Final Settlement
- Dencie E. Turner-Final Settlement

## UPSHUR COUNTY COMMISSION MEETING

July 29, 2010

- Pauline S. Bogert-Final Settlement
- Stewart Cutright, Jr.-Final Settlement
- Ruby Ann Minney Cox-Final Settlement
- Kenneth Thornhill-Final Settlement

The Commission approved the following consolidation of land tracts: (copy included)

- Buckhannon Corporation-Map 7-Parcel 177 with Map 7-Parcel 178- owner Russell A. and Anne M. Crites-will blend to make Map 7 Parcel 177

Donnie R. Tenney provided a review of correspondence from the Division of Natural Resources concerning the renewal of a (20) Twenty Year License Agreement between the State of West Virginia, Department of Commerce, Division of Natural Resources and Upshur County Commission. The purpose of the agreement is to extend permission to Upshur County to use DNR property at the WV Wildlife Center to operate and maintain a Lifeflight Medivac helicopter pad, ancillary parking area and access road into the facility. After discussion, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved and authorized the President to sign the License Agreement. (copy included)

Steve Linger, E911 Communications Center Director, appeared before the Commission to request employment of 3 (three) full time dispatchers. After discussion, on motion by Creed G. Pletcher, seconded by Eugene C. Suder, the Commission approved the hiring of Brandon M. Cale, Sarah N. Howard and Nancy I. Stevens as fulltime E911 Communication Center Dispatchers. Effective date of employment is August 15, 2010 (Brandon M. Cale and Sarah N. Howard) and August 23, 2010 (Nancy I. Stevens) at a rate of \$8.50 per hour during training, increasing to \$9.50 after training is completed pending a clear background check. (copy included) The Commission discussed advertising for an additional part time dispatcher. No action was taken. William A. Parker and Steve Linger will follow up at a future meeting.

After discussion, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the reappointment of Donnie Kincaid to the Hodgesville Public Service District. Mr. Kincaid's term will expire on August 05, 2016. (copy included)

After review by William A. Parker, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the list of Poll Workers for the Special Primary Election to be held on Saturday, August 28, 2010. (copy included)

After discussion, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the reappointment of Joe Fealy to the Upshur County Parks and Recreation Advisory Board. Mr. Fealy's term will expire on June 30, 2012.

After discussion, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission approved the reappointment of Mary Anne Newman to the Upshur County Safe Structures and Sites Enforcement Board. Ms. Newman's term will expire on June 30, 2012.

Debbie Thacker Wilfong, Upshur County Clerk met with the Commission to discuss employment issues. Ms. Wilfong will follow up at next week with a letter. (Note: item not on agenda, report only)

The Commission recessed at 10:10 a.m.

The Commission reconvened at 11:00 a.m.

Jack Berry, representative of the West Virginia State Auditor's Office, appeared before the Commission and provided a review of the Purchasing Card

## UPSHUR COUNTY COMMISSION MEETING

July 29, 2010

Program. (copy included) William A. Parker advised the Commission that A.C.S. (computer software firm) will provide a program for budget and accounting related to the Purchasing Card program. The cost will be approximately \$1,600.00.

The Commission discussed the property line at the Upshur County Recreational Park. William A. Parker will follow up with Upshur County Board of Education and will report back at a future meeting.

The Commission reviewed the following "For Your Information" items:

1. Correspondence from Region VII Planning and Development Council concerning the denial of funding for the Upshur County Public Library-Lighting Upgrade Project
2. Correspondence from Region VII Planning and Development Council concerning the denial of funding for the Upshur County Park Facility-Solar Thermal Heating System
3. Information concerning the Local Government Leadership Academy
4. Information concerning the "Create West Virginia" Conference October 17-19, 2010 at Oglebay Resort
5. Information concerning the Special Primary Election August 28, 2010 and Canvass
6. Agendas and/or Notice of Meetings:
  - Upshur-Buckhannon Health Department-August 03, 2010
7. Meeting Minutes and/or Financial Reports:
  - North Central West Virginia Trade Development Association-June 16, 2010
8. Meetings:
  - 07/06/10-6:00 p.m.-Elkins Road Public Service District
  - 07/06/10-7:00 p.m.-Hodgesville Public Service District
  - 07/08/10-1:00 p.m.-Adrian Public Service District
  - 07/08/10-3:00 p.m.-Tennerton Public Service District
  - 07/08/10-6:30 p.m.-Upshur County Safe Sites & Structures Ordinance Board
  - 07/12/10-12:00 p.m.-Upshur County Family Resource Network
  - 07/12/10-4:30 p.m.-Upshur County Solid Waste Authority
  - 07/12/10-6:00 p.m.-Buckhannon-Upshur Recreational Park Advisory Board
  - TBA-6:00 p.m.-26<sup>th</sup> Judicial Circuit Community Corrections Board - Braxton
  - 07/14/10-12:00 p.m. -Upshur County Development Authority - Annual Mtg
  - 07/14/10-7:30 a.m.-Buckhannon Upshur Airport Authority
  - 07/14/10-7:00 p.m.-Upshur County Litter Control Committee
  - 07/15/10-6:30 p.m.-Upshur County Youth Camp Board
  - 07/15/10-6:30 p.m.-Upshur County Fire Board
  - 07/19/10-7:00 p.m.-Upshur County Fair Association
  - 07/20/10-10:00 a.m.-Wes-Mon-Ty RCD
  - 07/20/10-5:00 p.m.-UC Enhanced Emergency Telephone Advisory Board
  - 07/20/10-6:00 p.m.-Buckhannon-River Watershed Association
  - 07/21/10-10:00 a.m.-James W. Curry Advisory Board
  - 07/21/10-7:00 p.m.-Lewis Upshur LEPC
  - 07/27/10-4:00 p.m.-Upshur County Public Library Board

## UPSHUR COUNTY COMMISSION MEETING

July 29, 2010

- TBA -7:00 p.m.-Region VII Planning & Development Council
- 9. Appointments Needed or Upcoming
  - Buckhannon-Upshur Airport Authority — (Scott Wilson 06-30-10) — City
  - Buckhannon-Upshur Parks & Recreation Ad. Bd. — (Rick Edwards 06-30-10) — City
  - Buckhannon-Upshur Parks & Recreation Ad. Bd. — (Doug Bush 06-30-10) — Bd. Of Ed.
  - Buckhannon-Upshur Parks & Recreation Ad. Bd. — (Joe Fealy 06-30-10) — County
  - James W. Curry Advisory Board — (Michael Quinn 12-31-10) — County
  - Elkins Road Public Service District — (Sonny Mathews 09-30-10) — County
  - Hodgesville Public Service District — (Donnie Kincaid 08-05-10) — County
  - Region VII Planning & Development Council — (William A. Parker 12-31-10) — County
  - Region VII Planning & Development Council — (Connie Tenney 12-31-10) — County
  - Region VII Planning & Development Council — (French Armstrong 12-31-10) — County
  - Region VII Planning & Development Council — (Dr. Pamela Balch 12-31-10) — County
  - Region VII Planning & Development Council — (AG Trusler 12-31-10) — County
  - Upshur County Building Commission — (Dennis Xander 11-10-10) — County
  - Upshur County Civil Service Board — (Richard Kitzmiller 12-31-10) — Deputies Association
  - Upshur County Fire Board — (Joe Carrico 06-30-10) — Fire Association
  - Upshur County Fire Board — (Wyatt Long 06-30-10) — Fire Association
  - UC Safe Structures & Sites Board — (Dr. Rigoberto Ramirez 06-30-10) — County
  - UC Safe Structures & Sites Board — (Mary Anne Newman 06-30-10) — County

The Commission recessed at 12:10 p.m.

The Commission reconvened at 7:00 p.m. at the Upshur County

Courthouse Annex for a joint meeting with the Buckhannon City Council. There were present Donnie R. Tenney, Eugene C. Suder, Creed G. Pletcher, William A. Parker, , Terri Jo Bennett, Kenneth Davidson, Richard Clemens, Scott Preston, Pam Cuppari, Jerry Arnold, David Thomas and John Waltz.

Mayor Kenneth Davidson provided a review of Resolution 2010-13 calling for the Defeat of Amendment to H. R. 4899 dealing with collective bargaining. After discussion, the city council members took action to adopt the resolution.

Steve Foster, Upshur County Development Authority representative provided an update on the Farmer's Market and Jawbone Park development. Steve Foster also provided an update on Corridor H development and the need for the county and the city to work together on regulation of property usage. City

## UPSHUR COUNTY COMMISSION MEETING

July 29, 2010

representatives reviewed regulations on signage and access roads. William A. Parker reviewed West Virginia Code, Ch. 8A pertaining to land use planning as an option. The Commission and City Council discussed annexation options and discussed holding a "Special Meeting" on Corridor H Topics.

Gary Rapking, West Virginia University Extension Office representative provided an update/review of a volunteer program available through the United States Department of Agriculture and reviewed West Virginia Code Ch. 8A article 12 on farmland preservation.

With no further business, on motion by Eugene C. Suder, seconded by Creed G. Pletcher, the Commission meeting adjourned at 7:40 p.m.

(12)

provide a breakdown of employment opportunities. Various workers will be needed including psychiatrists, nurses, nursing assistants, social workers, office personnel, and maintenance personnel. Highland plans to issue bonds to help fund the hospital renovation project.

Patrick Donovan, Director of the WV State Port Authority, updated Association members regarding some of the business and banking opportunities that will be created with the approval of the U.S. Port of Entry including the need for our community banks to offer bills of lading, letters of credit, etc. We do not want the exporters to go to out-of-state banks for business needs. Donovan and Mike Romano discussed hosting a training session for banks located within the NCWVTDA area.

In regard to Port of Entry, Earl Maxwell discussed contacting import and export international brokers, warehousing needs, and the disposal and treatment of international garbage.

Under old business, the minutes from May 26, 2010, were approved. Steve Foster of the Upshur County Development Authority is coordinating a meeting of the various economic development authorities in the area covered by the NCWVTDA. He may have representatives from the development authorities meet prior to a future NCWVTDA meeting. Foster would like to invite David LIVING, representative for the WV Development Office. Mike Romano also encouraged the county commissioners in the NCWVTDA area to become more involved in the Association. Romano recognized Glenville State College for designing the NCWVTDA logo. President Fragale asked for a motion to approve the logo, Mike Romano made the motion, Kathy Folio seconded the motion, and the motion carried.

In regard to new business, Mike Romano spoke before the Harrison County Development Authority about the NCWVTDA. There was also discussion about Power 32 which is a group of 32 counties in West Virginia, Pennsylvania, and Maryland that have similarities. The concept is to market the group as a whole and encourage development opportunities. Romano brought up a question regarding the NCWVTDA 501C3 designation status. Kathy Wagner, Harrison County Chamber of Commerce, offered assistance regarding the 501C3 designation. Mayor Bailey asked to review the goals and direction of the NCWVTDA.

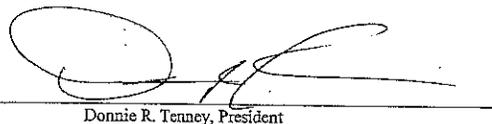
The next meeting of the NCWVTDA will be held on July 21, 2010, 3:00 p.m., Chase Bank Boardroom, in Clarksburg, WV. President Fragale asked for a motion to adjourn, Mike Romano made the motion to adjourn, Kathy Folio seconded, and the motion was approved. The meeting was adjourned.

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Ron Fragale, President

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Kathy Folio, Secretary



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Donnie R. Tenney, President

UPSHUR COUNTY, WV

FILED

October 25, 2002 15:47:01

DEBBIE THACKER WILFONG  
COUNTY CLERK

TRANSACTION NO: 2002012512

OATH OF OFFICE

Book: 00003 Page: 00082

Line: 00002



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

Debbie Thacker Wilfong  
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 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, West Virginia

See Law Order Book 30 Page 851

BOOK 003 PAGE 084

UPSHUR COUNTY, WV  
FILED  
November 04, 2002 09:06:20

# 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.

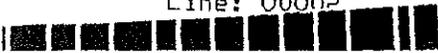
UPSHUR COUNTY, WV  
FILED

January 02, 2003 09:23:57

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

DEBBIE THACKER WILFONG  
COUNTY CLERK  
TRANSACTION NO: 2003000007

OATH OF OFFICE  
Book: 00003 Page: 00084  
Line: 00002



DEBBIE THACKER WILFONG  
COUNTY CLERK  
TRANSACTION NO: 2002012513

# OATH OF OFFICE

OATH OF OFFICE

Book: 00003 Page: 00083

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) *Donnie W Kincaid*  
**DONNIE W. KINCAID**

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

*Debbie Thacker Wilfong*  
Clerk of the County Commission

UPSHUR COUNTY, TO-WIT:

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

UPSHUR COUNTY, WV  
FILED

November 01, 2002 15:21:54

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

DEBBIE THACKER WILFONG  
COUNTY CLERK  
TRANSACTION NO: 2002012843

OATH OF OFFICE

Book: 00003 Page: 00083

Line: 00002

A LIMITED LIABILITY COMPANY HAS BEEN FORMED BY THE STATE OF WEST VIRGINIA TO PROVIDE A SERVICE TO THE PUBLIC BY PROVIDING A LIMITED LIABILITY COMPANY TO THE PUBLIC.

See Law Order Book 30 Page 851

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 4th day of November, 2002.

10/14/02  
415080.00001

HODGESVILLE PUBLIC SERVICE DISTRICT  
MONTHLY MEETING HELD  
JANUARY 4 2011

The regular monthly meeting of the Hodgesville PSD was held at the District Office at 188 Fayette Street, Buckhannon West Virginia on January 4th 2011 at 7:00 P.M.

In attendance were Robert Wright Chairman, Roger Ward Secretary, Donnie Kincaid Member, Terry Gould Manager, and Guest Gary Dowell and Barbara Replogle.

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 7th, 2011, were approved.

The Chairman addressed Gary Dowell and ask if he was in attendance for a project update. Mr. Dowell and Terry Gould stated the project will have a pre bid conference on Feb. 1, 2011 at 10:00 A.M., then on Feb. 15, 2011 a bid open will be held at the Hodgesville Community Building. Thrasher Engineering anticipates several contractors will be on the project time schedule. He was told the timing was unknown at this time, but the board anticipates the project will be timely completed. The guest then departed the meeting. Terry Gould states the district had received a letter from Abandon Mines that it is now ok to proceed with the bidding process. Rus has notified the district that a few minor items are needed before the bond closing. The main item is a ARCAP Program in place. He has given the district the person to contact for this program.

The next item on the meeting agenda was election of officers upon motion Roger Ward and 2nd by Donnie Kincaid the officers will remain the same for 2011. The officers are as follows:

Roger Wright-Chairman  
Roger Ward-Secretary  
Donnie Kincaid-Treasurer  
Terry Gould will remain as Manager

Electrician John Marteney repaired the Electric heater at the Hall Road Pump Station. A bad connection at the breaker box was the problem. A letter about emergency generators was answered and returned to the WV Dept. of Health. Zinns Hoe Service Repaired a leak on a service line on Rt. 119 the last week of the month.

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.

The District had the following amounts on hand:

Revenue Fund	\$31,934.41
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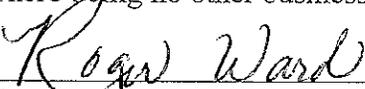
Water Tap Fund	70,323.92
Security Deposits	18,285.09
Construction Account	6223.40

Total Customers Served 1109.

Upon motion by Donnie Kincaid and 2nd by Roger Ward the following credit memos were approved:

Bob Beeson	\$33.40 Leak
John Howard	\$225.54 Leak

There being no other business the meeting adjourned at 8:20 P.M.

  
Secretary

HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)

EXCERPT OF MINUTES ON ADOPTION OF  
BOND RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY of the Public Service Board of Hodgesville Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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The Public Service Board of Hodgesville Public Service District met in special session, pursuant to notice duly posted, on the 12th day of April, 2011, in Upshur County, West Virginia, at the hour of 10:00 a.m.

PRESENT:            Roger Wright, Chairman  
                       Roger Ward, Secretary  
                       Donnie Kincaid, Treasurer  
                       Terry Gould, Manager  
                       John Stump, Steptoe & Johnson

ABSENT:

Roger Wright, Chairman, presided, and Roger Ward, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC 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 \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 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 Roger Wright and seconded by Roger Ward, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Roger Wright and seconded by Roger Ward, it was unanimously ordered that the said Draw Resolution be adopted.

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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.

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CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Hodgesville Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 12th day of April, 2011.

  
\_\_\_\_\_  
Secretary

**WV MUNICIPAL BOND COMMISSION**

1207 Quarrier Street Suite 401  
 Charleston, WV 25301  
 (304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: 14-Apr-11

ISSUE: <u>Hodgesville Public Service District</u> <u>Water Revenue Bonds, Series 2011 A (United States Department of Agriculture)</u>	
ADDRESS: <u>188 Fayette Street, Buckhannon, West Virginia 26201</u>	COUNTY: <u>Upshur</u>
PURPOSE OF ISSUE: New Money: <u>x</u> Refunding: _____	
REFUNDS ISSUE(S) DATED: <u>NA</u>	CLOSING DATE: <u>14-Apr-11</u>
ISSUE DATE: <u>14-Apr-11</u>	RATE: <u>3.75%</u>
ISSUE AMOUNT: <u>\$1,500,000</u>	1ST DEBT SERVICE DUE: <u>NA</u>
1ST DEBT SERVICE AMOUNT: <u>NA</u>	1ST PRINCIPAL DUE: <u>NA</u>
PAYING AGENT: <u>Issuer</u>	
BOND COUNSEL: Firm: <u>Steptoe &amp; Johnson PLLC</u> Contact: <u>John Stump, Esquire</u> Phone: <u>(304) 353.8196</u>	UNDERWRITERS COUNSEL: Firm: _____ Contact: _____ Phone: _____
CLOSING BANK: Bank: _____ Contact: _____ Phone: _____	ESCROW TRUSTEE: Firm: _____ Contact: _____ Phone: _____
KNOWLEDGEABLE ISSUER CONTACT: Contact: <u>Terry Gould</u> Position: <u>Manager</u> Phone: <u>304.472.1904</u>	OTHER: Agency: <u>United States Department of Agriculture</u> Contact: <u>Joe Crickenberger</u> Position: <u>Rural Development Specialist</u> Phone: <u>304.363.2158</u>
DEPOSITS TO MBC AT CLOSE By: _____ Wire _____ _____ Check _____	
Accrued Interest: \$ _____ Capitalized Interest: \$ _____ Reserve Account: \$ _____ Other: \$ _____	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: _____ Wire _____ _____ Check _____ _____ IGT _____	
To Escrow Trustee: \$ _____ To Issuer: \$ _____ To Cons. Invest. Fund: \$ _____ To Other: \$ _____	
NOTES: <u>Monthly debt service payments will be made by the District directly to the National Finance Office.</u> <u>The Municipal Bond Commission will only hold the Series 2011 A Reserve Account. The first payment into the Reserve Account is due 24 months from the date of closing.</u>	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____	

**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Hodgesville Public Service DistrictAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

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 FIVE HUNDRED THOUSAND AND XX / 100 DOLLARS (\$1,500,000.00)**pursuant to the provisions of Chapter 16 Article 13A, West Virginia Code; and

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

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

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

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 240,000.00

under the terms offered by the Government; that Chairman

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

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

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Hodgesville Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 5th day of May, 2009

Hodgesville Public Service District

(SEAL)

By Robert F. Wright

Attest: Roger Ward

Title Chairman HPSD

Title Secretary HPSD

**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 3 constituting a quorum, were present at a meeting thereof duly called and

held on the 5th day of May, 2009; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of April 14th 2011, 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 14th day of April, 2011

*Richard B. Wright*

Title Chairman

WATER OR WASTE SYSTEM GRANT AGREEMENT  
UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

THIS AGREEMENT dated April 14, 2011 between  
Hodgesville Public Service District

a public corporation organized and operating under  
Chapter 16 Article 13A, West Virginia Code  
*(Authorizing Statute)*

herein called "Grantee," and the United States of America acting through the Rural Utilities Service,  
Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement  
of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 1,893,115  
and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,653,115 of the development cost through revenues,  
charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,653,115 has been committed to and by Grantee for such project  
development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 240,000 or 12.68% percent  
of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor.  
Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant  
purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part,  
at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with  
the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will  
comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally  
applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this  
agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to  
Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not  
to exceed 12.68% percent of the development costs, as defined by applicable Rural Utilities Service  
Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in  
accordance with the project plans and specifications and any modifications thereof prepared by Grantee and  
approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes

of service, adopted by resolution dated \_\_\_\_\_, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

**[Revision 1, 04/17/1998]**

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

**This Grant Agreement covers the following described real property (use continuation sheets as necessary).**

**All real property used in conjunction with Hodgesville Public Service District water system.**

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

**[Revision 1, 04/17/1998]**

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

**This Grant Agreement covers the following described equipment (use continuation sheets as necessary).**

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$240,000.00 which it will advance to Grantee to meet not to exceed 12.68% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By:

(Title)

Secretary

Roger Ward

By:

(Title)

Chairman Robert Z. Wright

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By:

[Signature]

Rural Development Specialist

(Title)

RECEIVED

2010 APR 9 AM 8 55 NO. 275 002



W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

west virginia department of environmental protection

Office of Abandoned Mine Lands  
601 37<sup>th</sup> Street SE  
Charleston, WV 25304  
Telephone: (304)926-0485 / Fax (304)926-0458

Joe Manchin III, Governor  
Randy C. Huffman, Cabinet Secretary  
www.wvdep.org

April 7, 2010

Mr. Terry Gould, Manager  
Hodgesville Public Service District  
P. O. Box 758  
Buckhannon, WV 26201

Re: Hodgesville PSD Waterline Extension  
Project AML ID# 275

Dear Mr. Gould:

The Hodgesville PSD Waterline Extension Project was determined by a Feasibility Study completed by R. D. Zandee to be 71% eligible for funding by AML. As such, 71% of the bid cost of the construction of the AML-eligible portion (previously estimated at \$215,654) is eligible for funding by AML. In addition, AML will participate in 71% of the approved Change Orders on the eligible portions of the project. AML funds are released according to a project's readiness to proceed. The following RTP items must be received by AML: 1) Preliminary Title Opinion, 2) PSC Certificate, 3) Evidence of Matching Funding if required, 4) Certified Plans and Specifications for our review and comment, and 5) Health Department Permit. After AML receives all of the required items above, funding will be assigned to a grant year, and your project will be transferred to the Sub-Grant Team. At the same time, a Sub-Grant Application will be forwarded to you with a list of documentation required to be approved by the Sub-Grant Team before soliciting bids. Finally, in order to assist AML with the preparation of an environmental assessment, copies of any letters to and responses from environmental clearinghouses (i.e. SHPO, DNR, Corps, etc.) would be appreciated. This can potentially shorten the amount of time required to receive OSM approval of the project.

It is the agency's goal to utilize all of the money in each grant year for construction of projects that benefit the West Virginia citizens. If you have any questions or would like to discuss the steps necessary to complete your particular project, please contact me at (304) 926-0499, Ext. 1472.

Sincerely,

Eric J. Coberly, P.E.  
AML Chief

Promoting a healthy environment.

HODGESVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of JPMorgan Chase Bank, N.A., Charleston, West Virginia (the "Bank"), hereby certifies that on April 14, 2011, the Bank received an automated transfer in the amount of \$160,900 to the credit of the Series 2011 A Bonds Construction Trust Fund, Account Number 904545332.

WITNESS my signature on this 14th day of April, 2011.

JPMORGAN CHASE BANK, N.A.

By: Sharon McNamee VP  
Its: Authorized Officer

415080.00002

CH5333669

10-372  
Permit

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301  
Telephone (304) 558-2981

### PERMIT

(Water)  
**PROJECT:** Sauls Run, Spruce Fork and Red Rock Water Extensions **PERMIT NO.:** 18,361  
**LOCATION:** near Buckhannon **COUNTY:** Upshur **DATE:** 7-21-2009

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Hodgesville Public Service District  
188 Fayette Street  
Buckhannon, West Virginia 26201**

is hereby granted approval to: install approximately 23,600 LF of 6", 8,750 LF of 4" and 13,800 LF of 2" water line; one (1) 40 GPM duplex water booster station with VFD and booster chlorination; one (1) 70,000 gallon water storage tank, and all necessary valves, controls and appurtenances.

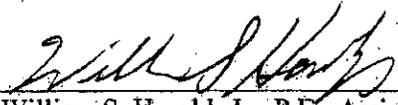
Facilities are to serve 74 customers in the Sauls Run, Spruce Fork and Red Rock areas near the City of Buckhannon.

**NOTE:** This permit is contingent upon all new water line and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the 70,000 gallon tank with a minimum six (6) feet high fence with a lockable gate.

The Environmental Engineering Division of the OEHS Philippi District Office, (304) 457-2296, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

  
William S. Herold, Jr., P.E., Assistant Manager  
Infrastructure and Capacity Development  
Environmental Engineering Division

WSH:cls

pc: Thrasher Engineering, Inc.  
James W. Ellars, P.E., PSC-Engineering Division  
Amy Swann, PSC  
Upshur County Health Department  
OEHS-EED Philippi District Office

RECEIVED

JUL 23 2009

THRASHER ENGINEERING, INC.

**RESOLUTION OF THE HODGESVILLE PUBLIC SERVICE DISTRICT  
 APPROVING INVOICES RELATING TO SERVICES FOR THE  
 WATER SYSTEM IMPROVEMENT PROJECT  
 AND AUTHORIZING PAYMENT THEREOF,**

**WHEREAS**, the Hodgesville Public Service District, has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded by the United States department of Agriculture (USDA) and the DEP Abandoned Mine Lands (AML) and find as follows:

- a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.
- b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.
- c) That each of such costs has been otherwise properly incurred.
- d) That the payment for each of the items proposed is due and owing.

**NOW, THEREFOR, BE IT RESOLVED** the Hodgesville Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	USDA	AML
T.R. Ross	14,000.00	14,000.00	0.00
Steptoe & Johnson	20,000.00	20,000.00	0.00
Thrasher Engineering	126,870.00	126,870.00	0.00
Total	160,870.00	160,870.00	0.00

*Round to \$160,900*

**ADOPTED BY** the Hodgesville Public Service District, at the meeting held on the 12th day of April, 2011.

Hodgesville Public Service District

By: Robert H. Knight  
 Its: Chairman

By: [Signature]  
 United States Department of Agriculture

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

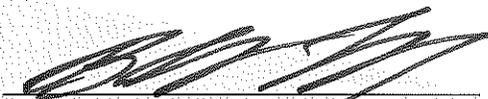
April 14, 2011

Hodgesville Public Service District  
Water Revenue Bonds, Series 2011 A  
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), in the original aggregate principal amount of \$1,500,000 (the "Bonds"), by Hodgesville Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (i) Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated July 16, 1979, issued in the original aggregate principal amount of \$225,000 (the "Series 1977 Bonds"); (ii) Water Revenue Bonds, Series 1982 (United States Department of Agriculture), dated August 9, 1982, issued in the original aggregate principal amount of \$615,000 (the "Series 1982 Bonds"); and (iii) Water Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated December 18, 2002, issued in the original aggregate principal amount of \$1,850,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds") and (b) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (collectively, the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution, and (c) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESSETH my signature on this 14th day of April, 2011.

  
State Director

1550 Earl Core Road, Suite 101, Morgantown, WV 26505  
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

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

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 Corvino*  
Member

(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)

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

(SPECIMEN 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)

08/06/82  
HODGE-S

**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

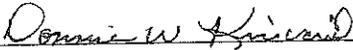
  
Chairman

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

# 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

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$176,300	December 18, 2002	(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:

\_\_\_\_\_

12/10/02  
415080.00001

Rescheduled Series 1977 and Series 1982 Bonds are paid in Full

Documentation attached

## Katy Mallory

---

**From:** Crickenberger, Joe - Elkins, WV [Joe.Crickenberger@wv.usda.gov]  
**Sent:** Friday, March 25, 2011 2:12 PM  
**To:** Katy Mallory  
**Subject:** RE: Hodgesville PSD Red Rock, Sauls Run, Spruce Flat Waterline Extension Project  
**Attachments:** Hodgesville Rescheduled Loan Info.pdf

Katy,

You did ask me about that and I failed to provide you any information. Thanks for reminding me. I have attached nine scanned pages of documentation pertaining to the rescheduled loans. Here's a summary:

**91-01 Loan** was rescheduled with an effective date of 9/1/1997. As a result, the Finance Office created a separate loan (91-05) with a beginning balance of \$9,945.00. Monthly payments on this loan were \$106.00. This 91-05 loan paid off, the payoff date I found was 7/12/07. The rest of the 91-01 loan still has an unpaid balance.

**91-04 Loan** was rescheduled with an effective date of 9/9/1997. As a result, the Finance Office created a separate loan (91-06) with a beginning balance of \$29,131.66. Monthly payments on this loan were \$310.00. The 91-06 loan paid off, the payoff date I found was 9/11/07. The rest of the 91-04 loan still has an unpaid balance.

Please see the attached documentation. Let me know if you need anything else. Thanks.

*Joe Crickenberger*  
*USDA Rural Development*  
*Rural Utilities Service*  
*1200 Harrison Avenue, Suite 150*  
*Elkins, WV 26241*  
*Phone: 304-636-2158*  
*Fax: 304-636-5902*  
[www.rurdev.usda.gov](http://www.rurdev.usda.gov)

"Committed to the future of rural communities"  
"Estamos dedicados al futuro de las comunidades rurales"

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**From:** Katy Mallory [mailto:Katy.Mallory@steptoe-johnson.com]  
**Sent:** Friday, March 25, 2011 11:01 AM  
**To:** Crickenberger, Joe - Elkins, WV  
**Subject:** RE: Hodgesville PSD Red Rock, Sauls Run, Spruce Flat Waterline Extension Project

Joe  
Sorry if I asked you this already (I think I did but can't find what you said)

It looks like 1977 and 1982 RUS bonds were "rescheduled" at some point. Do you have any documentation of that? Or even confirm that is correct?

Thanks  
Katy

UNITED STATES DEPARTMENT OF AGRICULTURE - RURAL DEVELOPMENT

RURAL UTILITIES SERVICE

RESCHEDULING AGREEMENT

Borrower's Name: HODGESVILLE PUBLIC SERVICE DISTRICT

State: West Virginia

County: Upshur

Case No.: 57-049-550566594

Fund Code: 91 Loan No. 01

Amount Rescheduled: \$9,945.00

Interest Rate: 5%

Effective Date: September 1, 1997

SEP - 4 1997

The undersigned, a public body entity (herein called "Borrower"), being indebted for a loan made by the Rural Utilities Service United States Department of Agriculture, (herein called "Government"), as evidenced by a bond or other debt instrument (herein called the "bond") dated July 16, 1979, with an outstanding balance in the principal sum of \$179,374.80 plus accrued interest as of September 1, 1997, in the sum of \$5,185.41, and being in default under that bond, hereby agrees with the Government as follows:

1. AMOUNT: The amount of the debt rescheduled is \$9,945.00, consisting of \$4,759.59 principal plus \$5,185.41 accrued interest. This amount represents :

X the delinquent amount only

2. REPAYMENT SCHEDULE: The first installment of the rescheduled amount, including interest at the bond rate shown above, in the amount of \$106.00 will be due and payable on October 1, 1997; thereafter, 119 regular installments, each in the amount of \$106.00, will be due and payable on the first day of each month until the rescheduled amount has been fully repaid. The final installment, if not sooner paid, shall be due and payable ten (10) years from the effective date of this Rescheduling Agreement. Regular payments due in accordance with the bond are required in addition to the \$106.00 payments specified above.

3. The Government, as consideration for this agreement, will not enforce the remedies available to it by reason of any payment default occurring prior to the effective date of the agreement.

4. This agreement establishes a revised payment schedule to bring the delinquent loan account involved current, and nothing herein shall be construed as affecting any of the terms or conditions of the bond other than the payment schedule or suggest the satisfaction of the outstanding bond.
  
5. Upon default by the borrower on any terms or conditions of this agreement or other agreement, or violation of other rights of the Government as a lender, the Government at its option may declare the entire indebtedness immediately due and payable and exercise any and all rights and remedies available to it.

By resolution duly adopted on the 2nd day of September 1991, the Borrower has authorized its Chairman to execute this agreement and its Secretary to affix its corporate seal.

ATTEST:

Hodgesville Public Service District  
Name of Borrower

BY: Lee Carries  
Secretary

BY: Royal Ward  
Chairman

UNITED STATES DEPARTMENT OF AGRICULTURE - RURAL DEVELOPMENT

RURAL UTILITIES SERVICE

RESCHEDULING AGREEMENT

Borrower's Name: HODGESVILLE PUBLIC SERVICE DISTRICT

State: West Virginia

County: Upshur

Case No.: 57-049-550566594

Fund Code: 91 Loan No. 04

Amount Rescheduled: \$29,131.66

Interest Rate: 5%

Effective Date: September 9, 1997

SFP - 4 1997

The undersigned, a public body entity (herein called "Borrower"), being indebted for a loan made by the Rural Utilities Service United States Department of Agriculture, (herein called "Government"), as evidenced by a bond or other debt instrument (herein called the "bond") dated August 9, 1982, with an outstanding balance in the principal sum of \$525,739.96 plus accrued interest as of September 9, 1997, in the sum of \$16,228.34, and being in default under that bond, hereby agrees with the Government as follows:

1. AMOUNT: The amount of the debt rescheduled is \$29,131.66, consisting of \$12,903.32 principal plus \$16,228.34 accrued interest. This amount represents :

X the delinquent amount only

2. REPAYMENT SCHEDULE: The first installment of the rescheduled amount, including interest at the bond rate shown above, in the amount of \$310.00 will be due and payable on October 9, 1997; thereafter, 119 regular installments, each in the amount of \$310.00, will be due and payable on the ninth day of each month until the rescheduled amount has been fully repaid. The final installment, if not sooner paid, shall be due and payable ten (10) years from the effective date of this Rescheduling Agreement. Regular payments due in accordance with the bond are required in addition to the \$310.00 payments specified above.

3. The Government, as consideration for this agreement, will not enforce the remedies available to it by reason of any payment default occurring prior to the effective date of the agreement.

4. This agreement establishes a revised payment schedule to bring the delinquent loan account involved current, and nothing herein shall be construed as affecting any of the terms or conditions of the bond other than the payment schedule or suggest the satisfaction of the outstanding bond.
5. Upon default by the borrower on any terms or conditions of this agreement or other agreement, or violation of other rights of the Government as a lender, the Government at its option may declare the entire indebtedness immediately due and payable and exercise any and all rights and remedies available to it.

By resolution duly adopted on the 2nd day of September, 1997, the Borrower has authorized its Chairman to execute this agreement and its Secretary to affix its corporate seal.

ATTEST:

Hodgesville Public Service District  
Name of Borrower

BY: Lee Carries Secretary      BY: Roger Ward Chairman



United States Department of Agriculture  
Rural Development  
Elkins Area Office

**TO:** State Director, USDA Rural Development  
Morgantown, West Virginia

**DATE:** March 15, 2011

**SUBJECT:** Inventory of Debt Instruments  
Report 830-B, As of February 28, 2011

**ATTN:** Gail Bennett  
Management Control Officer/PIC

COPY

In accordance with RD Instruction 2018-E, paragraph 2018.208, we are informing you that a review of the above has been completed. The following "Differences/Comments" have been noted on the report:

Borrower	Report 830-B	Area Office
* Hodgesville PSD 91-01 57-049-0550566594	\$215,055	Bond has \$225,000 (Difference due to rescheduling)
Hodgesville PSD 91-04	\$585,868.34	Bond has \$615,000

TERM NBR 202      OPR ID 202      ACCOUNT INFORMATION  
 CNUM 57-049-0550566594      NAME HODGESVILLE PUBLIC      STDT 031611      ACDT 031611  
 FCOD 9120 LNUM 01 KCOD 00 DUED 00 FMCD 0      FLAG      CSDT      ZSPC 0  
 DEFL      DEXD      DECL      DFLA      DFCA      SPCL 0  
 DSED      DSXD      DSCD      LSAA      DSLO      FPCD  
 DOLN 071679 AMED 000000 APDT      DCCA      FYLN 19      ICRC      INR1 5.0000  
 ZDLP 030711 ZDLR 030811 RGT2 1 LRDT 110910 RGT1 02 CCCD 0 PAYC 5 INR2 5.0000  
 Loan Amt } XAON      215,055.00      XAOA      RCCT      .00      EPMT      .00  
 PTC1      130,203.68      PTC3      QPCR      130,203.68      CICR  
 ICRT      276,993.99      INCR      QICR      276,993.99      QNIC  
 SSTS      10,565.00A      SSC3      QSST      10,565.00A      MICE      ICCD 0  
 UNPN      84,851.32      UNPA      QUPR      84,851.32      YICE      NUMO  
 UNIN      104.61      UNIA      QUIN      104.61      YNIC      QDEL 000  
 DACN      11.6235      DACA      QDIN      11.6235      MOIN      1,105.00  
 UPAM           UPUN      FC10      20,457.30      QMTI  
 UIAM           UIUN      FCIN           QTMI      1,105.00  
 STAM           ZADI      ZAAI           ZEDI      RHDM  
 XAIC           PTC2      CYIC           AVIR  
 XANI      13,260.00      ZDNI 070111 JTOI 2      STIN           PNSR  
 STAN      1,725.00A      STAA      QSTA      1,725.00A      ICDF  
 TPOF      84,955.93      ZSST      QMDU      2,695.00      ICGR

CASE NUMBER: 57 049 0550566594      STATUS TYPE: AI      LOAN: 01      ACDT:

*91-01 WATER LOAN*

TERM NBR 202    OPR ID 202    ACCOUNT INFORMATION  
 CNUM 57-049-0550566594    NAME HODGESVILLE PUBLIC    STDT 031611    ACDT 031611  
 FCOD 9120 LNUM 04 KCOD 00 DUED 00 FMCD 0    FLAG    CSDT    ZSPC 0  
 DEFL    DEXD    DECL    DFLA    DFCA    SPCL 0  
 DSED    DSXD    DSCD    LSAA    DSLO    FPCD  
 DOLN 080982 AMED 000000 APDT    DCCA    FYLN 22    ICRC    INR1 5.0000  
 ZDLP 030711 ZDLR 030811 RGT2 1 LRDT 110910 RGT1 02 CCCD 0 PAYC 5 INR2 5.0000  
 Loan Amt. > XAON 585,868.34 XAOA    RCCT    .00    EPMT    .00  
 PTC1 277,878.21 PTC3    QPCR 277,878.21    CICR  
 ICRT 712,481.79 INCR    QICR 712,481.79    QNIC  
 SSTS 21,140.00A SSC3    QSST 21,140.00A    MICE    ICCD 0  
 UNPN 307,990.13 UNPA    QUPR 307,990.13    YICE    NUMO  
 UNIN 379.71 UNIA    QUIN 379.71    YNIC    QDEL 000  
 DACN 42.1904 DACA    QDIN 42.1904    MOIN    3,020.00  
 UPAM    UPUN    FC10 74,255.15    QMTI  
 UIAM    UIUN    FCIN    QTMI    3,020.00  
 STAM    ZADI    ZAAI    ZEDI    RHDM  
 XAIC    PTC2    CYIC    AVIR  
 XANI 36,240.00 ZDNI 080911 JTOI 2    STIN    PNSR  
 STAN .00 STAA    QSTA .00    ICDF  
 TPOF 308,369.84 ZSST    QMDU 15,100.00    ICGR

CASE NUMBER: 57 049 0550566594    STATUS TYPE: AI    LOAN: 04    ACDT:

91-04 WATER LOAN

TERM NBR 202    OPR ID 202    ACCOUNT INFORMATION  
 CNUM 57-049-0550566594    NAME HODGESVILLE PUBLIC    STDT 031611    ACDT 031611  
 FCOD 9120 LNUM 07 KCOD 00 DUED 00 FMCD 0    FLAG    CSDT    ZSPC 0  
 DEFL    DEXD    DECL    DFLA    DFCA  
 DSED    DSXD    DSCD    LSAA    DSLO    SPCL 0  
 DOLN 121802 AMED 000000 APDT 032100 DCCA    FYLN 42    ICRC    INR1 4.8750  
 ZDLP 030711 ZDLR 030811 RGT2 1 LRDT 110910 RGT1 02 CCCD 0 PAYC 5 INR2 4.8750  
 XAON 1,850,000.00 XAOA    RCCT    .00    EPMT    .00  
 PTC1 145,871.71 PTC3    QPCR 145,871.71    CICR  
 ICRT 619,972.29 INCR    QICR 619,972.29    QNIC  
 SSTS 27,376.86A SSC3    QSST 27,376.86A    MICE    ICCD 0  
 UNPN 1,704,128.29 UNPA    QUPR 1,704,128.29    YICE    NUMO  
 UNIN 2,048.45 UNIA    QUIN 2,048.45    YNIC    QDEL 000  
 DACN 227.6062 DACA    QDIN 227.6062    MOIN    8,936.00  
 UPAM    UPUN    FC10 400,586.87    QMTI  
 UIAM    UIUN    FCIN    QTMI    8,936.00  
 STAM    ZADI    ZAAI    ZEDI    RHDM  
 XAIC    PTC2    CYIC    AVIR  
 XANI 107,232.00 ZDNI 121811 JTOI 2    STIN    PNSR  
 STAN 9,504.86A STAA    QSTA 9,504.86A    ICDF  
 TPOF 1,706,176.74 ZSST    QMDU 79,855.14    ICGR

CASE NUMBER: 57 049 0550566594    STATUS TYPE: AI    LOAN: 07    ACDT:

*91-07 WATER LOAN*