

JANE LEW PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)**

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JANE LEW PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

BOND RESOLUTION

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JANE LEW 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 JANE LEW PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$580,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 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 JANE LEW 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. Jane Lew Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Lewis County of said State, duly created pursuant to the Act by The County Commission of Lewis County.

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of the construction of approximately 50,000 linear feet of two-inch to six-inch water line, 81 new meters, and various valves, hydrants and other appurtenances to serve approximately 79 new customers in Lewis County and repairing a 500,000-gallon steel reservoir, 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 \$1,280,000 of which \$580,000 will be obtained from the proceeds of sale of the Series 2004 A Bonds herein authorized and \$700,000 will be obtained from a grant from the United States Department of Agriculture, Rural Utilities Service.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), in the aggregate principal amount of \$580,000 (the "Series 2004 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 2004 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 no outstanding obligations of the Issuer which will rank on a parity with the Series 2004 A Bonds as to liens, pledge and source of and security for payment.

There is an outstanding obligation of the Issuer which does not have a lien on any revenues of the System, nor is it payable from Net Revenues, held by Progressive Bank, issued in the original aggregate principal amount of \$16,015.

H. It is in the best interest of the Issuer that the Series 2004 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 12, 2003, 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 2004 A Bonds, or will have so complied prior to issuance of the Series 2004 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 2004 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 2004 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 2004 A 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 Progressive Bank, Weston, West Virginia, 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 Jane Lew Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Lewis County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 12, 2003, 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 2004 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.

"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, 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 2004 A Bonds" means the Water Revenue Bonds, Series 2004 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 \$1,280,000, 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 2004 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 2004 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2004 A (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of \$580,000, 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 2004 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 2004 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.50% per annum, and shall be sold for the par value thereof.

The Series 2004 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 2004 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 2004 A Bonds, and the right to principal of and stated interest on the Series 2004 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 2004 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 2004 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 2004 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2004 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 2004 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2004 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 2004 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2004 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 2004 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 2004 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 2004 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 2004 A Bonds shall cease to be such officer of the Issuer before the Series 2004 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 2004 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 2004 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 2004 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2004 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 2004 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2004 A 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 2004 A Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2004 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
JANE LEW PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$580,000

No. AR-1

Date: _____

FOR VALUE RECEIVED, JANE LEW 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 4.50% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 28 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined 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 _____, 2004, 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.

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2004 A BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

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.

IN WITNESS WHEREOF, JANE LEW 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.

JANE LEW PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman
Jane Lew Public Service District
Post Office Box 845
Jane Lew, West Virginia 26378

ATTEST:

Secretary, Public Service Board

(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 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; and
- (2) Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created 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 2004 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2004 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 2004 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 2004 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2004 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2004 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2004 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, transfer from the Revenue Fund and simultaneously remit to the National Finance Office, the amounts required to pay the interest on the Series 2004 A Bonds and to amortize the principal of the Series 2004 A Bonds over the life of the Bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2004 A Bonds Reserve Account, an amount equal to 10% of your monthly payment each month, until the amount in the Series 2004 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2004 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 2004 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 2004 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2004 A Bonds, or for mandatory prepayment of the Series 2004 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2004 A Bond Reserve Account, so long as the Series 2004 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) 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 or for any lawful purpose.

Whenever the money in the Series 2004 A Bonds Reserve Account shall be sufficient to prepay the Series 2004 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2004 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 2004 A Bonds Reserve Account. All amounts required for the Series 2004 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 and the Series 2004 A Bonds Reserve Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2004 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.

The Commission, at the direction of the Issuer, shall keep the monies in the Series 2004 A Bonds Reserve Account and 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 2004 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 2004 A Bonds, provide evidence that there will be at least 453 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 2004 A Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$580,000 (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 2004 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 2004 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2004 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2004 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 2004 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 2004 A 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 2004 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 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 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 2004 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 2004 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 2004 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 2004 A Bonds, 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 Series 2004 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 2004 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 2004 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.

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 2004 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 2004 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 August 25, 2004, in Case No. 04-0239-PWD-PC-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2004 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 2004 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 2004 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 2004 A Bonds, the Issuer may not defease the Series 2004 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 2004 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 2004 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.

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Adopted this 14th day of December, 2004.

JANE LEW PUBLIC SERVICE DISTRICT

Osca R. Mill
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of JANE LEW PUBLIC SERVICE DISTRICT on the 14th day of December, 2004.

Dated: December 16, 2004.

[SEAL]


Secretary

10/26/04
448300.00001

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: August 5, 2004

FINAL

8-25-04

CASE NO. 04-0239-PWD-PC-CN

JANE LEW PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct the Jesse's Run waterline extension project.

RECOMMENDED DECISION

On February 17, 2004, Jane Lew Public Service District ("District"), by counsel James V. Kelsh, filed with the Public Service Commission ("Commission") an application for a certificate of convenience and necessity to construct the Jesse's Run Waterline Extension Project in Lewis County. The District further requested that its water rates be increased. The District also requested approval of a water purchase agreement. Numerous supporting documents were filed.

On February 18, 2004, the Commission ordered the District to publish a Notice of Filing. By cover letter to the Order, the Executive Secretary of the Commission explained that Rule 10.3.d. of the Commission's Rules of Practice and Procedure requires that, whenever a utility seeks a rate increase in a certificate application, it must further provide individual notice to its customers.

On March 10, 2004, Staff Attorney Ronald E. Robertson, Jr., filed an Initial Joint Staff Memorandum, with an attached memorandum from Jefferson E. Brady, of the Engineering Division, and Steve Wilson, of the Water and Wastewater Division.

On March 23, 2004, the Commission, by Order, referred this matter to the Division of Administrative Law Judges ("ALJ Division") for decision on or before September 14, 2004.

On March 26, 2004, the District, by counsel, filed affidavits of publication of the Notice of Filing on February 25, 2004, in The Weston Democrat, published in Lewis County, and The Exponent-Telegram, published in Harrison County.

On May 10, 2004, the undersigned ALJ issued a Procedural Order that included the orders that the District immediately file the outstanding water purchase agreement and an affidavit establishing that it individually had notified its customers of its proposed rate increases, as required by Rule 10.3.d of the Commission's Rules of Practice and Procedure. Commission Staff was ordered to file its final recommendation in this matter no later than May 17, 2004.

On June 15, 2004, Mr. Robertson filed the Final Joint Staff Memorandum, with an attached memorandum from Mr. Brady and Mr. Wilson, recommending that the application be granted, the project and its funding approved, and the District's water rates be increased across the board by 13.65%, a greater increase than that requested by the District, contingent upon proof of proper notice to the District's customers. Staff also recalculated the District's leak adjustment increment.

On June 18, 2004, the District, by counsel, filed an affidavit that, on March 1, 2004, the District had mailed individual notices to its customers of the requested increase in their water rates. Also filed was the outstanding water purchase agreement, dated March 7, 2003, between Greater Harrison County Public Service District and the District, for the District's purchasing of water from the Harrison County Public Service District. By cover letter, counsel for the District explained that the agreement represents a renewal of the prior agreement approved in Case No. 98-1158-PWD-PC, "as the Commission contemplated would occur." Finally, he stated that the District could not accept the Staff-recommended rates, pointing out that Staff's projected metered sales revenue of \$274,278 is 1.8% higher than the District's projected \$269,329 and that Staff's first rate block of \$8.74 is 8.6% higher than the District's first rate block of \$8.05. He concluded, "The District's accountant will work with the Staff accountant to resolve this discrepancy."

On June 23, 2004, the undersigned ALJ issued a Procedural Order requiring Staff to file a further memorandum no later than July 23, 2003, which allowed time for Staff to confer with the District. In the further memorandum Staff was also required to make a recommendation regarding the water purchase agreement. "While the terms of the agreement generally might mirror those of the prior agreement, the rate has increased from \$2.60 per thousand gallons in the 1998 agreement to \$3.58 in the 2003 agreement. Staff must determine whether the new rate is appropriate."

On July 22, 2004, Mr. Robertson filed a Further Final Joint Staff Memorandum, with an attached memorandum from Mr. Brady and Mr. Wilson, stating that Staff had met with the District's accountant and explaining that the bill analysis used by Staff, which was taken from the District's most recent rate case, Case No. 03-1918-PWD-19A (2004), established that the disputed \$8.74 rate was necessary to provide to the District the needed revenue of \$269,329. Staff therefore reconfirmed its original recommendation. Staff continued, "As regards the query over the resale rate, it is noted that the resale rate was originally incorporated into the tariff of the Greater Harrison Public Service District in Case No. 01-0501-PWD-42T. The resale rate was later increased to \$3.58 per M gallons in Case No. 02-0491-PWD-30B. Thus, the approval of the water purchase agreement would be a complement to the approval of the rate."

On July 30, 2004, the District, by counsel, filed a letter stating that it concurred with Staff's recommendations, and requested that a decision in this matter be issued as soon as possible, "so that the District may commence construction this Fall."

FINDINGS OF FACT

1. On February 17, 2004, Jane Lew Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity to construct the Jesse's Run Waterline Extension Project. The project is split into two parts: Contract I involves the construction of the extension itself, consisting of almost 50,000 linear feet of two-inch to six-inch water line, eighty-one new meters, and various valves, hydrants and other appurtenances. The extension will serve approximately seventy-nine new customers in Lewis County. Contract II consists of repairing a 500,000-gallon steel reservoir. The District further requested that its water rates be increased. The District also requested approval of a water purchase agreement between the District and Harrison County Public Service District, dated March 7, 2003, whereby the District would purchase water from Harrison County Public Service District. (See application; agreement filed June 18, 2004; Final Joint Staff Memorandum filed June 16, 2004).

2. The District published the Notice of Filing on February 25, 2004, in The Weston Democrat, published in Lewis County, and The Exponent-Telegram, published in Harrison County, and, on March 1, 2004, the District mailed individual notices to its employees of the requested increase in their water rates. No protest was filed. (See March 26 and June 18, 2004, filings; case file generally).

3. The District has been issued permits from the West Virginia Office of Environmental Health Services (Permit No. 15,879, issued December 11, 2003) and the West Virginia Division of Culture and History. Outstanding is the West Virginia Department of Environmental Protection Stormwater NPDES permit, as well as permits from the West Virginia Division of Highways, West Virginia Public Lands Corporation, West Virginia Division of Natural Resources (Wildlife Resources), United States Department of the Interior (Fish and Wildlife Service), and United States Army Corps of Engineers. (See application; Final Joint Staff Memorandum filed June 18, 2004).

4. The project is estimated to cost \$1,280,000, of which \$1,009,600 is the estimated construction cost. (See application; Final Joint Staff Memorandum).

5. The funding for the project is from the United States Department of Agriculture Rural Utilities Service, consisting of a \$700,000 grant and a \$580,000 loan, payable over forty years at an interest rate not to exceed 4.5%. (See application; Final Joint Staff Memorandum).

6. Staff recommended that the application be granted and the project and its funding be approved, contingent upon receipt of all necessary outstanding permits, stating that the extension is needed to provide residents with a reliable, quality water source and to provide for increased fire protection. Further, the West Virginia Office of Environmental Health Services identified the need to clean and repaint the 500,000-gallon reservoir. Staff also recommended that the District's water rates be increased by approximately 15% and that the District's leak adjustment rate be increased from \$.57 to \$.97 per thousand gallons, as provided in Appendix A attached hereto. Staff also recommended that the purchase agreement be approved. (See Final Joint Staff Memorandum; Further Final Joint Staff Memorandum filed July 22, 2004).

7. The District concurred with Staff's recommendations. (See July 30, 2004 filing).

CONCLUSIONS OF LAW

1. It is appropriate to grant the application, pursuant to W.Va. Code §§16-13A-25 and 24-2-11, and to approve the project, contingent upon the District's filing copies of all necessary outstanding permits, because the public convenience and necessity require the project and no protest was filed.

2. It is also appropriate to approve the project's funding because the funding is reasonable and Commission Staff has recommended such approval.

3. It is appropriate to approve the rate increases recommended by Staff, including the leak adjustment rate, as provided in Appendix A hereto, because they are reasonable and necessary; the District has accepted the Staff-recommended rates; and no protest was filed.

2. It is appropriate to approve the water purchase agreement between the District and Greater Harrison Water Public Service District.

ORDERS

IT IS, THEREFORE, ORDERED that the application filed on February 17, 2004, by Jane Lew Public Service District for a certificate of convenience and necessity to construct an extension into the Jesse's Run area and to repair a steel reservoir is granted, and the project is approved.

IT IS FURTHER ORDERED that, prior to commencing construction, Jane Lew Public Service District file all outstanding necessary permits.

IT IS FURTHER ORDERED that the funding for the project, consisting of a \$700,000 grant from the USDA Rural Utilities Service, and a \$580,000 loan from RUS, payable over 40 years at an interest rate of 4.5%, is approved.

IT IS FURTHER ORDERED that the rate increases contained in the Approved Tariff, attached hereto as Appendix A, are approved, to become effective upon completion of the project.

IT IS FURTHER ORDERED that Jane Lew Public Service District file with the Commission's Tariff Office an original and five (5) copies of the approved tariff within thirty (30) days of the date that the certificated project becomes operational.

IT IS FURTHER ORDERED that, if there is any change in the cost of the project, estimated at \$1,280,000, or in the terms, conditions or scheduling of the project, Jane Lew Public Service District file a petition with the Commission for approval of such revisions prior to commencing construction.

IT IS FURTHER ORDERED that the water purchase agreement between the District and Harrison County Public Service District, dated March 7, 2003, is approved.

IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

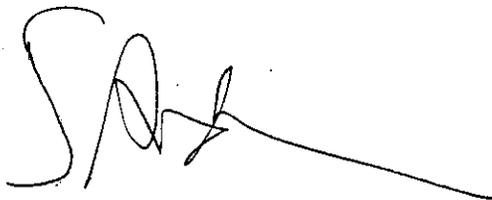
IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon Commission Staff by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served 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 Executive Secretary. No such waiver will

be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

A handwritten signature in black ink, appearing to read 'Sunya Anderson', with a long horizontal line extending to the right.

Sunya Anderson
Administrative Law Judge

SA:s
040239ab.wpd

JANE LEW PUBLIC SERVICE DISTRICT (WATER)
CASE NO. 04-0239-PWD-PC-CN
APPROVED TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES

First	2,000 gallons used per month	\$8.74 per 1,000 gallons
Next	3,000 gallons used per month	\$6.88 per 1,000 gallons
Next	4,000 gallons used per month	\$6.16 per 1,000 gallons
Next	6,000 gallons used per month	\$5.82 per 1,000 gallons
All Over	15,000 gallons used per month	\$5.27 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than \$17.48 per month which is the equivalent of 2,000 gallons of water.

5/8 inch meter	\$ 17.48
3/4 inch meter	\$ 26.22
1 inch meter	\$ 43.70
1-1/4 inch meter	\$ 63.80
1-1/2 inch meter	\$ 87.40
2 inch meter	\$ 139.84
3 inch meter	\$ 262.20
4 inch meter	\$ 437.00

PUBLIC FIRE PROTECTION SERVICE

The Town of Jane Lew shall pay public fire service charge of \$200.00 in semi-annual payments.

TAP FEE

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

A tap fee of \$200.00 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.

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 only to be collected once for each bill where it is appropriate.

RECONNECTION

\$20.00 - To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

\$0.97 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Jane Lew Water Commission 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 Waterline Extension to Jesse Run, Berlin Rd., Sycamore Lick, & Paint Tank

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Jane Lew Water Commission 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

FIVE HUNDRED EIGHTY THOUSAND AND XX / 100 DOLLARSpursuant 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 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 \$ 700,000.00

under the terms offered by the Government; that Chairman

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

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

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Jane Lew Water Commission Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 12 day of June 03

Jane Lew Water Commission Public Service District

(SEAL)

By Oscar Mills
Oscar Mills
Title Chairman

Attest:
[Signature]
Title General Manager

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the Jane Lew Water Commission Public Service District
 hereby certify that the Board of Directors of such Association is composed of
3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and
 held on the 12th day of June 2003; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of December 16, 2004,
 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 16th day of December, 2004

Oscar R. Mills
 Title chairman

JANE LEW PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

RECEIPT FOR BOND

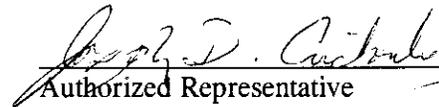
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 16th day of December, 2004, at Jane Lew, West Virginia, the undersigned received for the Purchaser the single, fully registered Jane Lew Public Service District Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$580,000 (the "Bonds"), dated the date hereof, bearing interest at the rate of 4.50% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

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

3. At the time of such receipt, there was paid to the Issuer the sum of \$109,500, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 16th day of December, 2004.


Authorized Representative

10/26/04
448300.00001

91-04

UNITED STATES OF AMERICA
JANE LEW PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$580,000

No. A-1

Date: December 16, 2004

FOR VALUE RECEIVED, JANE LEW 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 FIVE HUNDRED EIGHTY THOUSAND DOLLARS (\$580,000), plus interest on the unpaid principal balance at the rate of 4.50% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$2,663, 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 December 14, 2004, 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.

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2004 A BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

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.

IN WITNESS WHEREOF, JANE LEW 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.

JANE LEW PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Osceola R. Mills

Chairman

Jane Lew Public Service District

Post Office Box 845

Jane Lew, West Virginia 26378

ATTEST:

Clara B. Haskin

Secretary, Public Service Board

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:

Jane Lew Public Service District
Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

Jane Lew Public Service District
Jane Lew, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Jane Lew Public Service District in Lewis County, West Virginia (the "Issuer"), of its \$580,000 Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted December 14, 2004 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is a duly created and validly existing public service district and as a public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds.
4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

LAW OFFICE OF
JAMES V. KELSH

300 Summers St., Ste. 1230
P.O. Box 3713
Charleston, WV 25337-3713
kelshlaw@yahoo.com
WV State Bar #6617

Telephone
(304) 343-1654

Facsimile
(304) 343-1657

December 16, 2004

Jane Lew Public Service District
Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

Jane Lew Public Service District
Jane Lew, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to Jane Lew Public Service District, a public service district in Lewis County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted December 14, 2004 (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 Lewis 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.

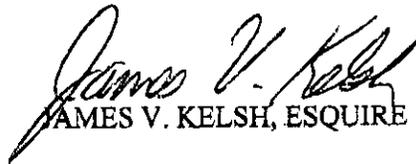
I am of the opinion that:

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, to the best of my knowledge, 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 Lewis 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, after due inquiry, 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,


JAMES V. KELSH, ESQUIRE

10/26/04
448300.00001

JANE LEW PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Jane Lew Public Service District in Lewis County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Jane Lew Public Service District Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$580,000 and bearing interest at the rate of 4.50% per annum (the "Bonds" or the "Series 2004 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated June 12, 2003 and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted December 14, 2004 authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein.

The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

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

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

The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on August 25, 2004, in Case No. 04-0239-PWD-PC-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges. The time for appeal of the Final Order has expired prior to the date hereof.

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

There are no outstanding obligations of the Issuer which will rank on a parity with the Series 2004 A Bonds as to liens, pledge and source of and security for payment.

There is an outstanding obligation of the Issuer which does not have a lien on any revenues of the System, nor is it payable from Net Revenues, held by Progressive Bank, issued in the original aggregate principal amount of \$16,015.

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

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

Bond Resolution

Public Service Commission Order

United States Department of Agriculture Loan Resolution

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Rules of Procedure, with Notice of Public Hearing

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Grant Agreement

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Oscar R. Mills	July 15, 2002	July 31, 2008
Elaine B. Flaxer	August 14, 2000	July 31, 2006
Thomas Bailey	August 9, 2004	July 31, 2010

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2004 are as follows:

Chairman	-	Oscar R. Mills
Secretary	-	Elaine B. Flaxer
Treasurer	-	Tom R. Pitman, General Manager

The duly appointed and acting General Manager for the Issuer is Tom R. Pitman. The duly appointed and acting Attorney for the Issuer is James V. Kelsh, Esquire, Charleston West Virginia.

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

At the time of delivery of the Bonds, the amount of \$109,500 was received by the undersigned Chairman, being a portion of the principal amount of Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.50% per annum is payable from the date of each such advance.

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

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

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

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

12. CONNECTIONS, ETC.: The Issuer will serve at least 453 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

14. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of \$700,000 is committed and in full force and effect.

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

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

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

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official seal of JANE LEW PUBLIC SERVICE DISTRICT on this 16th day of December, 2004.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Ossian R. Miller

Chairman

Clara S. Jansen

Secretary

James V. Kelsch

Attorney for Issuer

10/26/04
448300.00001

JANE LEW PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

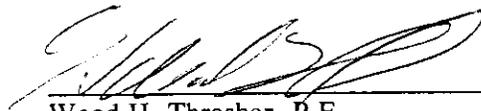
I, Wood H. Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing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

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

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

WITNESS my signature on this 16th day of December, 2004.

THRASHER ENGINEERING, INC.



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

10/26/04
448300.00001

SESSION HELD FRIDAY, SEPTEMBER 26th, 1958

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The Johnson-Watson Co., Dayton, Ohio—Charleston, W. Va.—P-2971

IN RE: CREATION OF A PUBLIC SERVICE DISTRICT UNDER THE AUTHORITY OF CHAPTER NO. 147 OF THE ACTS OF THE LEGISLATURE, 1953, REGULAR SESSION AS AMENDED

This matter came on again to be heard this 26th day of August, 1958, upon a petition heretofore presented to this Court on the 5th day of August, 1958, petitioning this Court for the establishment of a public service district under the authority of Chapter No. 147, of the Acts of the Legislature, 1953, Regular Session; upon the finding by this Court that said petition was signed by more than one hundred (100) legal voters resident within and owning real property within the limits of such proposed public service district and upon the entry of an order herein setting this matter for hearing this day, but requiring that a notice first be published by the Clerk of this Court, at least once, in a newspaper of general circulation, published within this County, at least ten days prior to this date.

And it appearing to the Court that notice has been duly published in the Weston Independent, a newspaper published in Lewis County, West Virginia, at least once, ten days prior to the date that this Court would, on the 26th day of August, 1958, at 10:00 o'clock A. M. in the County Courthouse in Weston, Lewis County, West Virginia, proceed to take evidence on the proposal to establish the Jane Lew Water Commission and to hear such persons resident within, or owning or having any interest in property, in such proposed public service district, who cared to be heard, for or against the creation of such public service district.

And thereupon, this Court proceeded to hear the evidence of all interested parties for and against the creation of such public service district.

And this Court, after hearing the evidence offered before it, does find and determine that the construction or acquisition, by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by a public service district to comprise Hackers Creek Magisterial District, as is situate in the Town of Jane Lew and its adjacent and outlying areas, in Lewis County, West Virginia, is feasible and will be conducive to the preservation of the public health, comfort and convenience of students and pupils attending the public schools of the County located within this such area and of the persons residing within such area.

And it further appearing that written protest signed by thirty per cent (30%) or more of the qualified voters registered and residing within said district, has not been filed and this Court, finding no reason against the establishment of a public service district as petitioned for,

IT IS, THEREFORE, ORDERED, that there shall be, and there is, hereby created a public service district to be known as "JANE LEW WATER COMMISSION, a corporation", which shall have existence from this date, and be possessed of all of the rights, powers, duties and obligations granted to and imposed upon it, by the laws of the State of West Virginia, the territorial limits of which shall embrace the territorial limits of the Town of Jane Lew and its adjacent and outlying areas within Hackers Creek Magisterial District of Lewis County, West Virginia, and the powers, duties of such Jane Lew Water Commission shall be vested in and exercised by a public service board.

IT IS FURTHER ORDERED, That the persons named hereafter are hereby appointed as members of the Public Service Board of The Jane Lew Water Commission, who shall serve for the period of time indicated opposite their names and until they resign or the expiration of their respective terms of office and/or thereafter until their successors

ORDERS } Board of Commissioners, Lewis County

SESSION HELD

FRIDAY, SEPTEMBER 26TH, 1958

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have been appointed as follows:

- For a period of two years DOLPH MUSSER, CHAIRMAN
- For a period of four years J. CARSON WHITE
- For a period of six years HARRY MCWHORTER
- For a period of eight years RUDOLPH KAFER
- For a period of ten years JOHN G. FUNK

But before entering upon his duties as such member of the Board as aforesaid, each of the aforesaid members shall meet at the Office of the Clerk of this Court as soon as practicable hereafter and shall qualify by taking the required oath of office.

If is further ordered that the term of office of each of the members appointed as aforesaid, shall begin as of the first day of August, 1958.

ORDERED, that this Court doth now adjourn until Friday, October 3rd, 1958.

Hazel L. Bennett, President.

State of West Virginia,
County of Lewis, To-Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of GENERAL ORDERS of said County, do hereby certify that the foregoing is a true and accurate copy OF THE ORDER OF CREATION OF A PUBLIC SERVICE DISTRICT FOR JANE LEW

as the same appears of record in my office in GENERAL ORDER Book 33, Page 104 & 105

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers
Clerk of the County Commission of Lewis County, West Virginia by; dw

SESSION HELD

FRIDAY, NOVEMBER 13, 1959.

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Court sat pursuant to adjournment of Friday, November 6, 1959.

PRESENT: The same Court.

The proceedings of this Court on Friday were approved and signed by the President.

IN RE: CORRECTION JANE LEW WATER COMMISSION ORDER ENTERED
SEPTEMBER 26, 1958

This day came the Jane Lew Water Commission, a Public Service District of Lewis County, West Virginia, by its Chairman, Rudolph Kafer and its Counsel, Louis G. Craig, and asked the Court to correct the records of said order creating said Public Service District of said session of this Court held on the 26th day of September, 1958, wherein said order recited said meeting was held on the 26th day of August, 1958 and said notice having been presented on the 5th day of August, 1958.

And it appearing to the Court that said order did incorrectly state the said date of August 26, and August 5th, and that said dates to be in error, it is therefore accordingly ordered that said records be, and said records are hereby corrected by this order to declare said matter was approved on the 26th day of September, 1958 and said petition having been filed herewith on the 5th day of September, 1958.

State of West Virginia,
County of Lewis, To-Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of General Orders of said County, do hereby certify that the foregoing is a true and accurate copy of the Correction of the Jane Lew Water Commission Order entered September 26, 1958

as the same appears of record in my office in General Order Book 33, Page 458.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers
Clerk of the County Commission of Lewis County, West Virginia By: DW

State of West Virginia,
County of Lewis, Co-Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of Miscellaneous Records of said County, do hereby certify that the foregoing is a true and accurate copy of the Order approving boundary expansion of the Jane Lew Water Commission District

as the same appears of record in my office in Miscellaneous Record Book 11, Page 259.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers
Clerk of the County Commission of Lewis County, West Virginia By: sms

ORDER APPROVING BOUNDARY EXPANSION
OF THE JANE LEW WATER COMMISSION DISTRICT

A public hearing was held this date, March 19, 2001, 10:00 a.m. prevailing time, at the Lewis County Courthouse, in the Lewis County Commission Office pursuant to WV Code 16-13A-2 for the purpose of public input concerning a proposed boundary extension which would allow the Jane Lew Water Commission, PSD to provide public water service to Sycamore Lick, Berlin Road and Jesse's Run areas of Lewis County. (See attached metes and bounds and Class I legal advertisement.)

No one appeared to speak against the proposed boundary extension. Those present at the hearing in addition to the Lewis County Commission were: Elaine Flaxer and Vernon Lohr representing the Jane Lew Water Commission Board, Larry Wilson, General Manager of the Jane Lew Water Commission, PSD, Tracey Weber III, Attorney for the Jane Lew Water Commission, PSD, Randy Watson of Thrasher Engineering and Frances Carroll, a resident of Jesse's Run.

A question concerning the boundaries of the West Fork River PSD was addressed as follows: The West Fork River PSD was created March 16, 1979, by the Lewis County Commission as a countywide public service district. It became inactive in February 1993, after selling their lines to West Virginia American-Water Company with the Public Service Commission's approval. WFRPSD has remained inactive since that time with no employees and serves no customers. It's boundaries do not infringe upon any other PSD or entity's boundaries since WFRPSD's boundaries are countywide excluding the boundaries of the following: Jane Lew PSD, West Virginia-American Water Company and the Weston Sanitary Board.

Therefore, the County Commission considered and determined the feasibility of the proposed boundary expansion and found said expansion to be conducive to the preservation of public health, comfort and convenience of the area. With no opposition to the proposed boundary expansion of the Jane Lew Water Commission PSD, the Lewis County Commission upon a motion made by Robert J. Conley with motion being duly seconded by Thomas V. Fealy, the Lewis County Commission voted unanimously to approve the aforementioned boundary expansion to the Jane Lew Water Commission PSD which is consistent with the attached metes and bounds which would, in turn, decrease the West Fork River PSD boundary accordingly.

Samuel U. Hicks
Samuel U. Hicks, President

3-19-01
Date

Thomas V. Fealy
Thomas V. Fealy, Commissioner

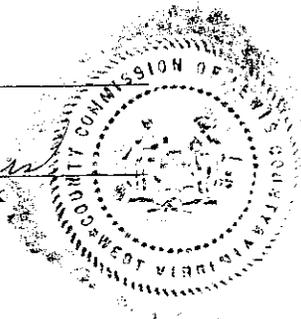
3-19-01
Date

Robert J. Conley
Robert J. Conley, Commissioner

3-19-01
Date

Attest: Mary Lou Myers
Mary Lou Myers, County Clerk

3-19-01
Date



**Jane Lew Public Service District
Proposed 2001 Boundary Extension
Lewis County, West Virginia**

The proposed extended geographical boundaries for the Jane Lew Public Service District are as follows:

“Beginning at point 0 along the Harrison-Lewis County border at the Lewis County Route 3 running southeast 105 degrees (azimuth), a distance of 25,050 feet, to point A at the intersection of the Harrison, Lewis, and Upshur County borders. From point A running southwest 185 degrees along the Lewis-Upshur County border, a distance of 10,500 feet, to point B. From point B running northwest 310 degrees, a distance of 2,250 feet, to point C. From point C running southwest 227 degrees, a distance of 2,300 feet, to point D. From point D running southwest 268 degrees, a distance of 2,100 feet, to point E. From Point E running southwest 266 degrees, a distance of 2,550 feet, to point F. From point F running northwest 285 degrees, a distance of 1,200 feet, to point G. From point G running northwest 323 degrees, a distance of 2,550 feet, to point H. From point H running northwest 271 degrees, a distance of 1,200 feet, to point I. From point I running northeast 3 degrees, a distance of 1,250 feet, to point J. From point J running northwest 297 degrees, a distance of 2,250 feet, to point K. From point K running northwest 355 degrees, a distance of 1,950 feet, to point L. From point L running northwest 301 degrees, a distance of 900 feet, to point M. From point M running southwest 241 degrees, a distance of 2,550 feet, to point N. From point N running northwest 281 degrees, a distance of 1,550 feet, to point O. From point O running northwest 314 degrees, a distance of 1,875 feet, to point P. From point P running southwest 229 degrees, a distance of 900 feet, to point Q. From point Q running southwest 268 degrees, a distance of 1,650 feet, to point R. From point R running southwest 251 degrees, a distance of 2,475 feet, to point S crossing the intersection of Lewis County Route 7 and Lewis County Route 14 “Lifes Run Road” and stopping at bank of Hackers Creek. From point S running northwest along Hackers Creek water edge to the intersection between Hackers Creek and I-79, a distance of 5,250 feet to point T. From point T running northwest 285 degrees, a distance of 3,900 feet, to point U. From point U running northeast 3 degrees, a distance of 450 feet, to point V on the existing Jane Lew PSD border. From point V running northwest 280 degrees, running along existing Jane Lew PSD boundary and crossing US Route 19, a distance of 2,700 feet, to point W. From point W running southwest 224 degrees, a distance of 3,300 feet, to point X. From point X running southwest 228 degrees, a distance of 2,700 feet, to point Y. From point Y running southwest 266 degrees, a distance of 1,875 feet, to point Z. From point Z running northwest 237 degrees, a distance of 2,250 feet, to point AA. From point AA running northwest 278 degrees, a distance of 2,850 feet, to point AB. From point AB running northwest 353 degrees, a distance of 4,500 feet, to point AC. From point AC running northeast 40 degrees, running along the banks of the West Fork River, a distance of 4,950 feet, to point AD. From point AD running southeast 113 degrees, a distance of 4,200 feet, to point AE. From point AE running northeast 83

degrees, a distance of 1,350 feet, to point AF. From point AF running northeast 6 degrees crossing Lewis County Route 8, a distance of 1,275 feet, to point AG. From point AG running northwest 333 degrees, a distance of 2,700 feet, to point AH. From point AH running northeast 15 degrees, a distance 4,500 feet, to point AI on the Lewis-Harrison County Boarder. From point AI running southeast 105 degrees along the existing boundary on the Lewis-Harrison County border and crossing over I-79, a distance of 11,500 feet back to the beginning."

LEGAL ADVERTISEMENT

NOTICE OF PUBLIC HEARING

On February 20, 2001, the Lewis County Commission entered an Order Proposing Boundary Expansion of the Jane Lew Water Commission District which would permit the Jane Lew Water Commission PSD to provide public water service to Sycamore Lick, Berlin Road, and Jesse's Run area of Lewis County. The proposed boundary expansion to be consistent with the metes and bounds as follows:

**Jane Lew Public Service District
Proposed 2001 Boundary Extension
Lewis County, West Virginia**

The proposed extended geographical boundaries for the Jane Lew Public Service District are as follows:

Beginning at point 0 along the Harrison-Lewis County border at the Lewis County Route 3 running southeast 105 degrees (azimuth), a distance of 25,050 feet, to point A at the intersection of the Harrison, Lewis, and Upshur County borders. From point A running southwest 165 degrees along the Lewis-Upshur County border, a distance of 10,500 feet, to point B. From point B running northwest 310 degrees, a distance of 2,250 feet, to point C. From point C running southwest 227 degrees, a distance of 2,300 feet, to point D. From point D running southwest 268 degrees, a distance of 2,100 feet, to point E. From point E running southwest 266 degrees, a distance of 2,550 feet, to point F. From point F running northwest 285 degrees, a distance of 1,200 feet, to point G. From point G running northwest 323 degrees, a distance of 2,550 feet, to point H. From point H running northwest 271 degrees, a distance of 1,200 feet, to point I. From point I running northeast 3 degrees, a distance of 1,250 feet, to point J. From point J running northwest 297 degrees, a distance of 2,250 feet, to point K. From point K running northwest 355 degrees, a distance of 1,350 feet, to point L. From point L running northwest 301 degrees, a distance of 900 feet, to point M. From point M running southwest 241 degrees, a distance of 2,550 feet, to point N. From point N running northwest 281 degrees, a distance of 1,550 feet, to point O. From point O running northwest 314 degrees, a distance of 1,875 feet, to point P. From point P running southwest 229 degrees, a distance of 900 feet, to point Q. From point Q running southwest 268 degrees, a distance of 1,650 feet, to point R. From point R running southwest 251 degrees, a distance of 2,475 feet, to point S crossing the intersection of Lewis County Route 7 and Lewis County Route 14 "Lifes Run Road" and stopping at bank of Hackers Creek. From point S running northwest along

The Weston Democrat - Wednesday, February 28, 2001—3D

Hackers Creek water edge to the intersection between Hackers Creek and I-79, a distance of 5,250 feet, to point T. From point T running northwest 285 degrees, a distance of 3,900 feet, to point U. From point U running northeast 3 degrees, a distance of 450 feet, to point V on the existing Jane Lew PSD border. From point V running northwest 280 degrees, running along existing Jane Lew PSD boundary and crossing US Route 19, a distance of 2,700 feet, to point W. From point W running southwest 224 degrees, a distance of 3,300 feet, to point X. From point X running southwest 228 degrees, a distance of 2,700 feet, to point Y. From point Y running southwest 266 degrees, a distance of 1,875 feet, to point Z. From point Z running northwest 237 degrees, a distance of 2,250 feet, to point AA. From point AA running northwest 278 degrees, a distance of 2,850 feet, to point AB. From point AB running northwest 353 degrees, a distance of 1,500 feet, to point AC. From point AC running northeast 40 degrees, running along the banks of the West Fork River, a distance of 4,950 feet, to point AD. From point AD running southeast 113 degrees, a distance of 4,200 feet, to point AE. From point AE running northeast 83 degrees, a distance of 1,350 feet, to point AF. From point AF running northeast 6 degrees, crossing Lewis County Route 8, a distance of 1,275 feet, to point AG. From point AG running northwest 333 degrees, a distance of 2,700 feet, to point AH. From point AH running northeast 15 degrees, a distance 4,500 feet, to point AI on the Lewis-Harrison County Boarder. From point AI running southeast 105 degrees along the existing boundary on the Lewis-Harrison County border and crossing over I-79, a distance of 11,500 feet back to the beginning."

Pursuant to WV Code § 16-13A-2, the Lewis County Commission has scheduled a public hearing on the proposed boundary expansion on Monday, March 19, 2001, to be held at the Lewis County Courthouse in the County Commission Office at 1:00 p.m. Anyone wishing to protest the proposed expansion must appear in person at the hearing. 40-1

The Plat for said Boundary Expansion is of record in the office of the County Clerk in File Folder A-495.

STATE OF WEST VIRGINIA, CLERK'S OFFICE,
COUNTY COMMISSION, LEWIS COUNTY.

March 19th, 2001

The foregoing Order
together with the certificate thereto
annexed was this day presented in said
office and admitted to record.

ATTEST: Mary Lou Myers, CLERK

ORDERS - - - BOARD OF COMMISSIONERS, LEWIS COUNTY
REGULAR
SESSION HELD: MONDAY, JULY 15, 2002

IN RE: FINAL ORDER RECEIVED FROM PSC
FOR BOUNDARY CHANGE

By notice received from the PSC of Charleston to the Lewis County Commission, it is, therefore, ordered that the Order of the Lewis County Commission of October 22, 2001, to decrease the boundaries of the West Fork PSD to accomodate the increase in the Jane Lew Water Commission PSD boundaries to provide water extension to the affected area, be, and the same hereby is approved.

State of West Virginia,
County of Lewis, Co-Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of GENERAL ORDERS of said County, do hereby certify that the foregoing is a true and accurate copy OF THE FINAL ORDER FOR BOUNDARY CHANGE FOR WEST FORK PSD AND JANE LEW WATER COMMISSION PSD

as the same appears of record in my office in GENERAL ORDER Book 57, Page 462.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers

Clerk of the County Commission of by: DW
Lewis County, West Virginia

RESOLUTION OF THE BOARD OF THE
JANE LEW WATER COMMISSION PUBLIC SERVICE DISTRICT
CHANGING THE NAME OF THE DISTRICT TO THE
JANE LEW PUBLIC SERVICE DISTRICT

WHEREAS, the Jane Lew Water Commission Public Service District ("District") is a properly created public service district, entitled to execute all the powers of a public service district, pursuant to West Virginia Code Chapter 16, Article 13A;

WHEREAS, the Board of the District is authorized to change the official or corporate name of the District by resolution prior to the issuance of bonds by the District pursuant to West Virginia Code §16-13A-4(f);

WHEREAS, the District has yet to issue any bonds;

WHEREAS, the Board of the District believes it would be advantageous to change the name of the District to the Jane Lew Public Service District, and to create and designate two separate divisions thereto, a water division and a wastewater division, to clarify the services performed by the District;

WHEREAS, West Virginia Code §16-13A-4(f) provides that a change in the name of a public service district becomes effective upon the filing of an authenticated copy of the resolution changing a district's name with the clerk of the county commission and with the Public Service Commission;

NOW, THEREFORE, the Board of the Jane Lew Water Commission Public Service District hereby resolves that the official and corporate name of the District is hereby changed to the Jane Lew Public Service District, which shall include both a water and wastewater division. The Secretary of the District shall cause authenticated copies of this Resolution to be filed with the Clerk of the County Commission of Lewis County and the Public Service Commission of West Virginia.

LEWIS COUNTY, WV
FEB 24 10 54 AM '03

Oscar R Mills
Oscar R. Mills - Chairman

Vernon W Lohr
Vernon W. Lohr - Vice Chairman

Elaine B. Flaxer
Elaine B. Flaxer - Secretary

Adopted this 13th day of February, 2003.

[SEAL]



ATTEST: *Elaine B. Flaxer*
Elaine B. Flaxer - Secretary

Date: *February 13, 2003*

STATE OF WEST VIRGINIA, CLERK'S OFFICE,
COUNTY COMMISSION, LEWIS COUNTY.

February 24th, 2003

The foregoing *Resolution District Change* together with the certificate thereto annexed was this day presented in said office and admitted to record.

ATTEST: *Mary Lou Myers*, CLERK

State of West Virginia,
County of Lewis, Co. Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of Certificates of Incorporation of said County, do hereby certify that the foregoing is a true and accurate copy of the Resolution of the Board of the Jane Lew Water Commission Public Service District changing the name of the District to the Jane Lew Public Service District

as the same appears of record in my office in Certificate of Incorp. Book
9, Page 51.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers
Clerk of the County Commission of
Lewis County, West Virginia

By: sms

FILE COPY

JAMES V. KELSH, ESQ.

300 Summers St., Ste. 1230
P.O. Box 3713
Charleston, WV 25337-3713
kelshlaw@yahoo.com

Facsimile
(304) 343-1657

Telephone
(304) 343-1654

February 21, 2003

Ms. Sandra Squire
Executive Secretary
Public Service Commission
of West Virginia
201 Brooks Street
Post Office Box 812
Charleston, West Virginia 25323

Re: Notice of Change of Name of Jane Lew
Water Commission Public Service District
to Jane Lew Public Service District

Dear Ms. Squire:

The purpose of this letter is to inform the Commission, consistent with West Virginia Code §16-13A-4(f) that the Board of the Jane Lew Water Commission Public Service District at its meeting on February 13, 2003, adopted the attached authenticated original Resolution changing its name from the Jane Lew Water Commission Public Service District to the Jane Lew Public Service District. Simultaneously with the mailing of this letter to you, the District is sending a letter to the Clerk of the Lewis County Commission informing it of the name change. Pursuant to West Virginia Code §16-13A-4(f), this change of name becomes effective upon the filing of an authenticated copy of this Resolution with the Lewis County Commission and the Public Service Commission of West Virginia. For your information, a copy of the letter to the Lewis County Commission is attached.

Please stamp the extra copy of this letter as received and place it in my box for retrieval. Thank you for your assistance.

Very truly yours,


James V. Kelsh
(WV State Bar No. 6617)

JVK/nal
Enclosure
cc: Larry Wilson
(janelewsquire.ltr)

RESOLUTION OF THE BOARD OF THE
JANE LEW WATER COMMISSION PUBLIC SERVICE DISTRICT
CHANGING THE NAME OF THE DISTRICT TO THE
JANE LEW PUBLIC SERVICE DISTRICT

WHEREAS, the Jane Lew Water Commission Public Service District ("District") is a properly created public service district, entitled to execute all the powers of a public service district pursuant to West Virginia Code Chapter 16, Article 13A;

WHEREAS, the Board of the District is authorized to change the official or corporate name of the District by resolution prior to the issuance of bonds by the District pursuant to West Virginia Code §16-13A-4(f);

WHEREAS, the District has yet to issue any bonds;

WHEREAS, the Board of the District believes it would be advantageous to change the name of the District to the Jane Lew Public Service District, and to create and designate two separate divisions thereto, a water division and a wastewater division, to clarify the services performed by the District;

WHEREAS, West Virginia Code §16-13A-4(f) provides that a change in the name of a public service district becomes effective upon the filing of an authenticated copy of the resolution changing a district's name with the clerk of the county commission and with the Public Service Commission;

NOW, THEREFORE, the Board of the Jane Lew Water Commission Public Service District hereby resolves that the official and corporate name of the District is hereby changed to the Jane Lew Public Service District, which shall include both a water and wastewater division. The Secretary of the District shall cause authenticated copies of this Resolution to be filed with the Clerk of the County Commission of Lewis County and the Public Service Commission of West Virginia.

Oscar R. Mills
Oscar R. Mills - Chairman

Vernon W. Lohr
Vernon W. Lohr - Vice Chairman

Elaine B. Flaxer
Elaine B. Flaxer - Secretary

Adopted this 13th - day of February, 2003.

[SEAL]

ATTEST: *Elaine B. Flaxer*
Elaine B. Flaxer - Secretary

Date: February 13, 2003

COPY

JAMES V. KELSH, ESQ.

300 Summers St., Ste. 1230
P.O. Box 3713
Charleston, WV 25337-3713
kelshlaw@yahoo.com

Telephone
(304) 343-1654

Facsimile
(304) 343-1657

February 21, 2003

Mary Lou Myers
Lewis County Commission
Post Office Box 466
Weston, West Virginia 26452

Re: Change of name of Jane Lew Water
Commission Public Service District to
the Jane Lew Public Service District

Dear Ms. Myers:

The purpose of this letter is to inform the Lewis County Commission that the Board of the Jane Lew Water Commission Public Service District, at its meeting of February 13, 2003, adopted the attached authenticated original Resolution changing its name from the Jane Lew Water Commission Public Service District to the Jane Lew Public Service District. Pursuant to West Virginia Code §16-13A-4(f), this change of name becomes effective upon the filing of an authenticated copy of this Resolution with the Lewis County Commission and the Public Service Commission of West Virginia. For your information, I attach a copy of the letter which was sent to the Public Service Commission simultaneously with the mailing of this letter.

Please file, record, and index this Resolution in the appropriate record book.

Please stamp the extra copy of this letter as received by your office and return it to me in the enclosed stamped, self-addressed envelope. Thank you for your assistance.

Please do not hesitate to contact me if you have any questions.

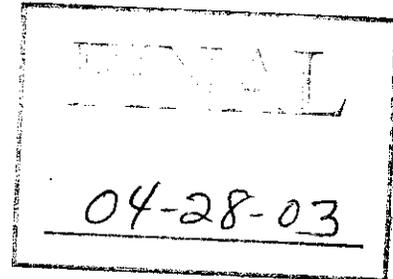
Very truly yours,


James V. Kelsh
(WV State Bar No. 6617)

JVK/nal
Enclosure
cc: Larry Wilson
(janelew@lewiscom.tr)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 8, 2003



CASE NO. 03-0269-PWD-NC

JANE LEW PUBLIC SERVICE DISTRICT
Application for name change from
Jane Lew Water Commission Public
Service District to Jane Lew
Public Service District.

RECOMMENDED DECISION

On February 21, 2003, Jane Lew Water Commission Public Service District (District) filed a letter informing the Commission that, consistent with the provisions of West Virginia Code §16-13A-4(f) and at a meeting of its Board, the District adopted a Resolution changing its name from Jane Lew Water Commission Public Service District to "Jane Lew Public Service District". An authenticated original Resolution was attached to the letter. Also attached to the letter was a copy of a letter sent to the Clerk of the County Commission of Lewis County informing the Commission of the name change and requesting that a copy of the Resolution, attached thereto, be recorded and indexed in the appropriate record book. The letter concluded by stating that, pursuant to West Virginia Code §16-13A-4(f), the change of name became effective upon the filing of an authenticated copy of the Resolution with the Lewis County Commission and the West Virginia Public Service Commission. The Commission's Executive Secretary's Office proceeded to file and designate the District's letter as an application for Commission approval of a name change and assigned a formal case number to the filing.

On February 27, 2003, counsel for the District, James V. Kelch, Esquire, filed a letter stating his desire to clarify the District's February 21, 2003 filing. Mr. Kelch stated that the territory of the former Jane Lew Water Commission Public Service District was not changed by the Resolution which was included with the letter filed on February 21, 2003. The letter filed on February 21, 2003, was intended as a change of name filing, pursuant to West Virginia Code §16-13A-4(f), not a change in the territory or a merger of the District pursuant to West Virginia Code §16-13A-2.

West Virginia Code §16-13A-4(f) provides, in relevant part, that "[a]t any time prior to the issuance of bonds as hereinafter provided, the board [of the public service district] may by resolution change the official or corporate name of the public service district and the change is effective from the filing of an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located

and with the Public Service Commission." Because the District had complied with this statute by filing authenticated originals of its Resolution with both the Clerk of the County Commission of Lewis County and with the Public Service Commission, Mr. Kelsh opined that the change of name was then effective. Mr. Kelsh concluded by stating that the February 21, 2003 letter was, exclusively, for the purpose of complying with West Virginia Code §16-13A-4(f) and was not intended to initiate a new case. Since the name change had already become effective, there was no purpose for Commission review of the information filed on February 21, 2003. In Mr. Kelsh's words, it was a fait accompli and the Public Service Commission has no more jurisdiction to open a case to review the change of name of a public service district than does the Clerk of the County Commission. Accordingly, it was requested that the Commission dismiss this formal proceeding.

On March 18, 2003, Staff Attorney Cecelia Gail Jarrell filed an Initial and Final Joint Staff Memorandum. An Initial and Final Internal Memorandum, dated March 10, 2003, from Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division, was attached thereto. Ms. Buckley initially noted that, since the District, according to its Resolution, wanted to create a water division and a wastewater division, the case number of this case should be changed to 03-0269-PSWD-PC. Ms. Buckley stated that the District's current Annual Report revealed that it has not issued any bonds and has no long-term debt. Since the District had followed the provisions of West Virginia Code §16-13A-4(f), Ms. Buckley recommended that the change of name of Jane Lew Water Commission Public Service District to "Jane Lew Public Service District" be approved.

Staff Attorney Jarrell stated that Commission Legal Staff disagreed with Mr. Kelsh's assertion that Public Service Commission approval is not required for the subject name change. Ms. Jarrell asserted that Rules 31¹ and 34² of the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules) contemplated that an application would be filed with the Public Service Commission by a public service district seeking Commission consent and approval of any change in its name. Based upon all of the foregoing, Commission Legal Staff also recommended that the

¹RULE 31. In case of change of ownership or control of a utility, or when a utility or a part of its business is transferred from the operating control of one company to that of another, or when its name is changed, the company which will thereafter operate the utility business must use the rates, classifications and rules and regulations of the former operating company, (unless authorized to change by the Commission).

²RULE 34. Within thirty (30) days after the Commission approves an application filed pursuant to Rule [31], said utility shall issue and file in its own name the tariff of the predecessor utility then in effect and adopted by it, or such other tariff as it proposes to put into effect in lieu thereof, as prescribed in Rules 1 through 13 hereof with proper identifying designation. (Example: P.S.C. W.Va. No. 1 cancels P.S.C. W.Va. No. 1 of [insert predecessor utility]).

Commission approve the change in the name of Jane Lew Water Commission Public Service District to "Jane Lew Public Service District".

On March 25, 2003, Mr. Kelsh filed a letter in response to Commission Staff's Initial and Final Joint Staff Memorandum. Mr. Kelsh noted that, above all else, the District did not wish to do anything which would delay this proceeding since it is expecting to issue bonds or incur debt sometime in the near future in connection with a proposed project and wished to change its name before doing so. The District would seek the Commission's approval before incurring debt or issuing bonds. Mr. Kelsh explained that, in this instance, it was the District's position that Tariff Rules 31 and 34 were in conflict with West Virginia Code §16-13A-4(f) and that, according to the principles of statutory construction, the statute superseded the Tariff Rules thereby negating the need for Commission approval of the District's name change. However, Mr. Kelsh concluded by stating that the District could live with an order which approved its change of name even though it believed the more appropriate action by the Commission would be to dismiss this proceeding for lack of jurisdiction.

By Order dated March 27, 2003, the Commission referred this matter to the Division of Administrative Law Judges for further disposition, with a decision due date of April 25, 2003.

Upon consideration of all of the above, the undersigned is of the opinion the counsel for the District is correct and that the District is not required to obtain Public Service Commission approval of the name change, pursuant to the terms of West Virginia Code §16-13A-4(f). Since the Legislature has given the boards of public service districts the authority to change the name of a district prior to debt being issued, with the change of name effective upon the filing of an authenticated copy of the resolution changing the name with the affected county commissions and the West Virginia Public Service Commission, the Public Service Commission cannot, by rule, attempt to generate jurisdiction for itself where there is none. Further, the undersigned is of the opinion that the Staff Attorney has misconstrued Tariff Rules 31 and 34. Neither Rule requires Commission approval of a change in name. The two Rules require only 1) that a utility whose name or ownership has changed continue to operate under the previously existing rates and charges, until different rates and charges are approved by Commission order, and 2) the filing of an appropriate tariff under the new name of the utility within a certain period of time. There is no language in either of those Rules which operates to provide the Commission with the authority or jurisdiction to rule upon the appropriateness of the name change itself. Accordingly, this proceeding will be dismissed and Jane Lew Public Service District will be directed to file a revised tariff containing its new name.

FINDING OF FACT

On February 21, 2003, Jane Lew Water Commission Public Service District filed a letter informing the Commission that, consistent with the provisions of West Virginia Code §16-13A-4(f) and at a meeting of its Board held on February 13, 2003, the District had adopted a Resolution

changing its name from Jane Lew Water Commission Public Service District to "Jane Lew Public Service District". Accompanying the letter was an authenticated copy of the Resolution effectuating the name change. The Commission's Executive Secretary's Office proceeded to file and designate the District's letter as an application for Commission approval of a name change and assigned a formal case number to the filing. (See, February 21, and 27, 2003 filings).

CONCLUSIONS OF LAW

1. Pursuant to the provisions of West Virginia Code §16-13A-4(f), at any time prior to the issuance of bonds, a public service district board may change the official or corporate name of that district by resolution and the change is effective from the filing of an authenticated copy of that resolution with the clerk of the county commission of each county containing territory embraced by that district and with the Public Service Commission. There is no provision in Article 13A of Chapter 16 of the West Virginia Code which requires Public Service Commission approval of the name change.

2. Tariff Rules 31 and 34 do not operate to provide the Public Service Commission with authority to approve or disapprove a proposed name change for a public service district; rather, those two Tariff Rules simply require a utility whose name or ownership has changed to continue to use the previously existing rates and charges unless authorized by the Commission to change those rates and requires the filing of a revised tariff containing the new name within a certain period of time.

3. It is reasonable to dismiss this proceeding from the Commission's docket of open cases as being unnecessary and to require Jane Lew Public Service District to file a revised tariff under its new name within thirty days of date that this Order becomes final.

ORDER

IT IS, THEREFORE, ORDERED that, within thirty (30) days of the date that this Order becomes final, Jane Lew Public Service District shall file with the Commission's Tariff Office an original and no less than five (5) copies of a proper tariff adopting the tariff of Jane Lew Water Commission Public Service District as its own and reflecting the name change.

IT IS FURTHER ORDERED that the instant proceeding be, and it hereby is, dismissed, as being unnecessary, and removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the style of this case be changed to reflect the correct name of the District.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary 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.



Melissa K. Marland
Chief Administrative Law Judge

MKM/JPC:dfs
030269a.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 10, 2002

FINAL

6-30-02

CASE NO. 01-1607-PWD-PC

LEWIS COUNTY COMMISSION

Petition for consent and approval to decrease the boundary of West Fork River Public Service District and to increase the boundary of Jane Lew Water Commission Public Service District to accommodate water extensions to the area.

RECOMMENDED DECISION

In an Order dated September 12, 2001, the Order of the Lewis County Commission filed March 23, 2001, in Case No. 01-0402-PWD-PC, to expand the boundaries of the Jane Lew Water Commission Public Service District, was approved to become effective on and after the date that the Lewis County Commission either decreased the territory of the West Fork River Public Service District to accommodate the enlargement of the Jane Lew Water Commission Public Service District's boundaries or dissolved the West Fork River Public Service District.

On November 28, 2001, the Lewis County Commission filed an Order decreasing the boundary of the West Fork River Public Service District to accommodate the increase of the Jane Lew Water Commission Public Service District's boundary to provide water extensions to the affected area, pursuant to West Virginia Code §16-13A-2. The County Commission's Order addresses only water service.

On December 4, 2001, Staff Attorney Cassius H. Toon filed an Initial and Final Joint Staff Memorandum, to which was attached the Initial and Final Internal Memorandum prepared by Mr. Scott McNeely, Utility Analyst, Water and Wastewater Division, and Mr. David W. Holley, Technical Analyst-In-Training II, Engineering Division. Since the Lewis County Commission has sufficiently satisfied the requirements set forth in West Virginia Code §16-13A-2, Staff recommended approval of the Order to reduce the boundaries of the West Fork River Public Service District and recommended that the changes be approved subject to the statutorily required hearing.

By Order dated December 11, 2001, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before June 26, 2002.

On December 19, 2001, Staff Attorney Toon filed a Further Joint Staff Memorandum, to which was attached the Further and Final Internal Memorandum, prepared by Mr. McNeely and Mr. Holley. Staff explained that, in Case No. 01-0402-PWD-PC the Commission approved the increase to the Jane Lew Water Commission Public Service District's boundaries, conditioned upon the Lewis County Commission decreasing the West Fork River Public Service District's boundaries to accommodate that change. The West Fork River Public Service District became inactive in February 1993. The West Fork River Public Service District involves the operation of sewer service also. The Commission Order in Case No. 01-0402-PWD-PC discussed an alternative to the Lewis County Commission decreasing the West Fork River Public Service District's boundary, which was to dissolve the District altogether. Staff has changed its original recommendation and now feels that it is in the best interest of the public to dissolve the West Fork River Public Service District, since it has no employees and provides no water or sewer service. In addition, the Jane Lew Water Commission Public Service District may be expanded to provide sewer service to other areas of the County.

By Order dated January 10, 2002, in light of Staff's recommendation, the Lewis County Commission was directed to advise the Commission, by January 27, 2002, if it wished to go forward with the Lewis County Commission's original Order in this case or if it would take the Staff-recommended action to dissolve the West Fork River Public Service District by enacting a new County Commission Order.

In a letter filed January 17, 2002, the Lewis County Commission advised that it did not wish to dissolve the West Fork River Public Service District but would go forward with the original Order in this case, which would decrease the boundary of the West Fork River Public Service District.

By Order dated February 22, 2002, this matter was set for a hearing to be held in Weston City Building, Council Chambers, Weston, West Virginia, on March 15, 2002. Said Order provided that the Lewis County Commission give notice of the hearing to be held on March 15, 2002, by publishing a copy of a Notice of Hearing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Lewis County.

The hearing was held as scheduled. The Lewis County Commission was present by its president, Mr. Sam Hicks, and board members, Ms. Shelia Lewis, Mr. Tom Fealy and Mr. Bob Conley. Commission Staff was represented by Staff Attorney Cassius H. Toon. The County Commission presented at the hearing an affidavit of publication of the Notice of Hearing reflecting that publication had been made in accordance with the Commission's requirements. (Tr. p. 3).

EVIDENCE PRESENTED

Mr. Scott McNeely, Utilities Analyst, Water and Wastewater Division, identified for the record Staff Exhibit No. 1, a Further Final Internal Memorandum. Staff recommends that the West Fork River Public Service District be dissolved rather than reduced in size. There is presently in existence the Jane Lew Water Public Service District and another public service district that provides sewer service. Mr. McNeely indicated that, in the event any other water service in the County is needed, these Districts could be expanded. Staff believes that the retention of another district would cause duplication in bookkeeping and make it more expensive to comply with the new federal requirements and the Safe Drinking Water Act. It would be difficult to maintain the federal standards with two districts rather than one district. (See, Tr., pp. 7-8).

Mr. Sam Hicks, the President of the Lewis County Commission, responded that the Lewis County Commission has no objection to the extension of the Jane Lew Water Public Service District to cover that territory which heretofore has been the territory of the West Fork River Public Service District, to the extent necessary for the Jane Lew Public Service District to make its utility extensions. Mr. Hicks commented that the Staff recommendation to abolish, rescind and dissolve the West Fork River Public Service District is not needed. The Lewis County Commission believes that there may develop, in the southern end of Lewis County, a need for water service and the only way to get the water will be to buy it and extend lines from a public service district in southern Upshur County. To provide for this eventuality, the Lewis County Commission feels that it is in the best interest of the people of Lewis County to keep the West Fork River Public Service District on the books, although it is currently inactive. If it becomes necessary to further extend the Jane Lew Public Service District system, the Lewis County Commission could further reduce the West Fork River Public Service District area or territory. Mr. Hicks did not see that the existence of the West Fork River Public Service District is creating any problem in bookkeeping or administration. The West Fork River Public Service District has been totally inoperative for a long time. (Tr., pp. 10-11).

No one appeared in protest to the petition of the Lewis County Commission. (Tr., p. 11). No further evidence was submitted in the case and it was submitted for a decision. No briefs were filed in the case by either party.

DISCUSSION

In 2001, the Lewis County Commission proposed the expansion of the boundaries of the Jane Lew Water Commission Public Service District. At that time, Staff recommended approval and, after the hearing was held and no protest was received, the Order was approved to become effective on and after the date that the Lewis County Commission either decreased the territory of the West Fork River Public Service District to accommodate the enlargement of the Jane Lew Water Commission Public Service District or dissolved the West Fork River Public Service District. Staff has since changed its recommendation and recommended that the West Fork River

Public Service District be dissolved, since it has been inactive for a number of years. The Lewis County Commission elected not to dissolve the West Fork River Public Service District, but to proceed with its petition to decrease the boundaries of the West Fork River Public Service District, to accommodate the increase in the Jane Lew Water Commission Public Service District to provide water extensions in the affected area.

At the hearing, Staff presented its recommendation to dissolve the West Fork River Public Service District, since it has been inactive for eight years. Staff cited duplication of bookkeeping and difficulty in compliance with federal standards as reasons for the dissolution. However, it did not explain how the existence of this district generated either of the cited problems. (Tr. pp. 7-8).

Mr. Sam Hicks, President of the Lewis County Commission explained that the reason that the Lewis County Commission desires to keep the inactive district on the books is that, on the southern end of the county, the Lewis County Commission foresees that there may arise a need to buy water from a public service district in southern Upshur County. If this eventuality occurs, the Lewis County Commission could use the West Fork River Public Service District to acquire this water. (Tr. pp. 10-11).

Since West Virginia Code §16-13A-2 gives county commissions the authority to create, enlarge, reduce, merge, dissolve and/or consolidate public service districts, the Administrative Law Judge believes that, in the absence of a showing that the existence of the West Fork River Public Service District violates a law, rule or regulation, the desires of the Lewis County Commission should be honored and the County Commission Order in this case approved in order to allow it to meet the requirements of the Commission's Order of September 12, 2001. This is particularly true since the County Commission Order of November 28, 2001, was passed specifically to comply with the requirements of the Public Service Commission's Order of September 12, 2001.

FINDINGS OF FACT

1. On November 28, 2001, the Lewis County Commission filed an Order decreasing the boundaries of the West Fork River Public Service District, to accommodate an increase in the Jane Lew Water Commission Public Service District's boundaries to provide water extensions to the affected area. (See, petition filed November 28, 2001).

2. By Public Service Commission Order entered September 12, 2001, the expansion of the Jane Lew Water Commission Public Service District's boundaries was approved to become effective on and after the date that the Lewis County Commission either decreased the territory of the West Fork River Public Service District to accommodate the enlargement of the Jane Lew Water Commission Public Service District or dissolved the West Fork River Public Service District. (See Order dated September 12, 2001).

3. Staff recommended that the Lewis County Commission dissolve the West Fork River Public Service District since it has no employees and

provides no water or sewer service. (See Further Joint Staff Memorandum filed December 19, 2001).

4. The Lewis County Commission elected to proceed with its original petition rather than adopt Staff's recommendation of dissolution of the West Fork River Public Service District. (See letter filed January 17, 2002).

5. At a hearing held on the County Commission's petition, Mr. Sam Hicks, President of the Lewis County Commission, explained that the Lewis County Commission believes that it is in the best interest of the citizens of Lewis County to retain the West Fork River Public Service District, in the event it is necessary for a Lewis County district to purchase water service from an Upshur County utility to serve the southern end of Lewis County. (Tr., pp. 10-11).

6. No one appeared in protest to the petition at the hearing held in this matter on March 15, 2002. (Tr., p. 11).

CONCLUSIONS OF LAW

1. Since the Order of the Lewis County Commission filed on November 28, 2001, decreases the West Fork River Public Service District, this will satisfy the conditions set forth in the Public Service Commission Order of September 12, 2001, which required the Lewis County Commission to either decrease the territory of the West Fork River Public Service District to accommodate the enlargement of the Jane Lew Water Commission Public Service District boundaries or dissolve the West Fork River Public Service District.

2. It is reasonable to allow the West Fork River Public Service District to continue to exist since the Lewis County Commission sees a potential need to use this District to obtain water from a public service district in southern Upshur County and its existence does not appear to violate any law, rules or regulations of the Commission.

ORDER

IT IS, THEREFORE, ORDERED that the Order of the Lewis County Commission of October 22, 2001, to decrease the boundaries of the West Fork River Public Service District to accommodate the increase in the Jane Lew Water Commission Public Service District boundaries to provide water extensions to the affected area, be, and the same hereby is, approved.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary 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.


Robert W. Glass
Administrative Law Judge

RWG:jas:mal
011607ab.wpd

ORDERS --- BOARD OF COMMISSIONERS, LEWIS COUNTY

REGULAR
SESSION HELD: MONDAY, AUGUST 14, 2000

IN RE: ELAINE FLAXER - APPOINTMENT TO PSD

Upon motion of Samuel U. Hicks, second by Thomas V. Fealy, vote unanimous to appoint Elaine Flaxer to the Public Service District (PSD) Board, term ending July 31, 2006.

State of West Virginia,
County of Lewis, Co-Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the
State of West Virginia, and as such Clerk having the care and custody of the records of
General Orders of said County, do hereby certify that the
foregoing is a true and accurate copy of the Appointment of Elaine Flaxer to PSD

as the same appears of record in my office in General Order Book
56, Page 120.

In Testimony Whereof, I have hereunto
set my hand and affixed the seal of said
Commission, at the City of Weston, in
said County and State, this 28th
day of September, 20 04.

Mary Lou Myers
Clerk of the County Commission of Lewis County, West Virginia By: DW

ORDERS --- BOARD OF COMMISSIONERS, LEWIS COUNTY

**REGULAR
SESSION HELD: MONDAY, JULY 15, 2002**

IN RE: OSCAR MILLS - REAPPOINTED TO JANE LEW PSD

Oscar Mills was reappointed to the Jane Lew PSD board for a term of six (6) years with term ending on July 31, 2008, upon motion of Robert J. Conley, second by Thomas V. Fealy, vote unanimous.

State of West Virginia,
County of Lewis, Co. Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of General Orders of said County, do hereby certify that the foregoing is a true and accurate copy of the Reappointment of Oscar Mills to the Jane Lew PSD

as the same appears of record in my office in General Order Book 57, Page 461.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers
Clerk of the County Commission of Lewis County, West Virginia By: DW

REGULAR

SESSION HELD: MONDAY, AUGUST 16, 2004

IN RE: OATH OF OFFICE - THOMAS BAILEY
JANE LEW PUBLIC SERVICE DISTRICT

WHEREAS, Thomas Bailey was on Monday, August 9th, 2004, appointed as a member of the Jane Lew Public Service District, did this day appear before the Clerk of the County Commission, Mary Lou Myers and was administered the oath as prescribed by law. Mr. Bailey will serve the unexpired term of Tom Frazier, term ending July 31, 2010.

THEREFORE, the said Tom Bailey was qualified as a member of the Jane Lew Public Service District.

State of West Virginia,
County of Lewis, To-Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of General Orders of said County, do hereby certify that the foregoing is a true and accurate copy of the Oath of Office of Thomas Bailey for the Jane Lew Public Service District

as the same appears of record in my office in General Order Book 59, Page 289.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers
Clerk of the County Commission of Lewis County, West Virginia By: sms

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Lewis 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 Jane Lew PSD Board Member

..... to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) Elaine Flaxer
Elaine Flaxer

Subscribed and sworn to before me, in said County and State, this 15th day of November, 2004

Thomas V. Fealy
Thomas V. Fealy, President

LEWIS COUNTY, WV
FILED
Nov 15 10 39 AM '04
MARY LOU MYERS
COUNTY CLERK

I certify that the foregoing is a true and accurate copy of the Oath of Office of Elaine Flaxer as it is recorded in Oath of Office Book 1, Page 443, Lewis County, West Virginia. Given under my hand this 15th day of November, 2004

Attest: Mary Lou Myers
MARY LOU MYERS Clerk
Lewis County, West Virginia by: sms

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Lewis 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 Jane Lew PSD Board Member

to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) Oscar Mills
Oscar Mills

Subscribed and sworn to before me, in said County and State, this 15th day of November, 2004

Thomas V. Fealy
Thomas V. Fealy, President

LEWIS COUNTY, WV
FILED
Nov 15 10 30 AM '04
MARY LOU MYERS
COUNTY CLERK

I certify that the foregoing is a true and accurate copy of the Oath of Office of Oscar Mills as it is recorded in Oath of Office Book 1, Page 443, Lewis County, West Virginia. Given under my hand this 15th day of November, 2004

Attest: Mary Lou Myers
MARY LOU MYERS Clerk
Lewis County, West Virginia

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF LEWIS

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 Jane Lew Public Service District Board Member to the best of my skill and judgment, SO HELP ME GOD.

THOMAS BAILEY

Subscribed and sworn to before me, in my said County and State, the 16th day of August, 2004.

MARY LOU MYERS, Clerk
Lewis County Commission

Filed: August 16, 2004

Attest:

Mary Lou Myers

State of West Virginia,
County of Lewis, To-Wit:

I, Mary Lou Myers, Clerk of the County Commission of Lewis County, in the State of West Virginia, and as such Clerk having the care and custody of the records of Oaths of Office of said County, do hereby certify that the foregoing is a true and accurate copy of the Oath of Office for Thomas Bailey

as the same appears of record in my office in Oath of Office Book 1, Page 441.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of Weston, in said County and State, this 28th day of September, 20 04.

Mary Lou Myers

Clerk of the County Commission of
Lewis County, West Virginia

By: sms

RULES OF PROCEDURE

JANE LEW PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: JANE LEW PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 68 Park Avenue, Jane Lew, Lewis County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Jane Lew 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

MISSION

It shall be the mission of the Jane Lew Public Service District to provide and deliver potable drinking water at a reasonable cost to the people of the District; in addition, the District shall collect, treat and dispose of wastewater so as to protect the local environment and safeguard the public health of the people in the District.

ARTICLE IV

BOARD MEMBERSHIP

Section 1. In accordance with the Act, the members of the governing Board of the Jane Lew Public Service District shall be persons residing in the District and appointed by the County Commission of Lewis County, West Virginia. Members of the Board shall be appointed to serve six-year terms or to fill vacant, unexpired terms as may be specified in the order of the County Commission. Such persons shall assume the rights and obligations of Board membership upon taking the Oath of Office administered by the County Commission/County Clerk.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve on the Board, the Secretary shall immediately notify the County Commission and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any Board member, the Secretary shall notify the County Commission of the pending termination and request the County Commission to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board. Persons appointed to fill unexpired terms shall assume the rights and obligations of Board membership upon taking the Oath of Office administered by the County Commission/County Clerk. Board members being re-appointed shall re-take the Oath of Office.

Section 3. Members of the Public Service Board shall be compensated for service according to the provisions of the Act; however, no Board member shall be compensated for any meeting not attended. Members of the Board may be reimbursed according to the prevailing rules of the District for expenses incurred in carrying out duties of the Board. Board members and members of their immediate family shall not be or become pecuniarily interested, directly or indirectly, in any proceedings of the District.

Section 4. Within six months of assuming office, newly-appointed members of the Public Service Board shall undergo mandatory Board member training as provided by the Public Service Commission. Within thirty days of appointment, the Secretary shall provide to the Public Service Commission the name of the new Board member, home address, home and office phone numbers, date of appointment, length of term and, if applicable, name of the Board member being replaced. The Secretary shall provide all new members of the Board with a copy of these Rules of Procedure immediately upon their assuming office.

ARTICLE V

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Board of the Jane Lew Public Service District shall hold regular monthly meetings on the second Thursday of each month, at such place and hour as the members shall determine from time to time. At the regular January meeting the scheduled dates of all regular meetings for that year shall be determined and entered of record, including, if applicable, any changes to the normal schedule occasioned by the concurrence of a scheduled meeting and a legal holiday. Special meetings convened for designated purposes and emergency meetings requiring immediate action by 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 two members shall constitute a quorum. If a quorum is not present, those present may adjourn the meeting to a later date. Each member of the Public Service Board shall have one vote at any Board meeting.

Section 3. Unless otherwise agreed, notice of regular meetings shall not be provided to Board members. Unless otherwise waived, 3-day advance notice of each special meeting shall be given to all Board members by the Secretary via fax, telephone, mail or other satisfactory means.

ARTICLE VI

PUBLIC NOTICE OF MEETINGS

Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time and place 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 below:

A. Regular Meetings. After the regular January meeting of the Board the Secretary shall give advance notice to the news media of the meeting place and dates of all regularly scheduled meetings for the forthcoming year. The annual schedule of meetings shall also be posted and maintained by the Secretary on the front door or bulletin board of: 1) the Lewis County Courthouse; 2) the District office where walk-in payment is accepted; and 3) the regular Board meeting place. 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. Public notice shall be posted by the Secretary not less than 72 hours before any specially scheduled meeting of the Board. Such notice shall be posted on the front door or bulletin board of: 1) the Lewis County Courthouse; 2) the District office where walk-in payment is accepted; and 3) the regular Board meeting place. Such notice shall state briefly the date, time, place and sole purpose or purposes of the special meeting. No business other than that stated in the notice or incidental thereto shall be transacted at any special meeting. 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.

C. Emergency Meetings. In the event of an emergency requiring immediate action by the Public Service District Board, the Chairman of the Public Service District Board may convene an emergency meeting at any time. No public notice need be given in such an emergency situation.

ARTICLE VII

PUBLIC AGENDA

Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the agenda of all regularly scheduled meetings of such Public Service Board shall be made available in advance to the public and news media as follows:

Section 1. Not less than 72 hours before each regularly scheduled Board meeting is to be held the Secretary shall cause a public agenda for that meeting to be posted on the front door or bulletin board of: 1) the Lewis County Courthouse; 2) the District office where walk-in payment is accepted; and 3) the regular Board meeting place. The agenda may be amended, if necessary, up to 48 hours before the meeting; in such case the amended public agenda shall be posted in the same locations by the 48-hour deadline.

Section 2. Such agenda shall consist of a list generally identifying each item of business to be heard or considered during the meeting and the order in which it is to be taken up. This article does not prohibit the modification of the order of the day for any reasonable purpose at the request of any Board member and by consensus of the Board.

Section 3. The Board shall not act on any item of business or on any matter incidental thereto unless it is identified on the publicly posted agenda, except in the event of an emergency requiring immediate Board action. In such cases, the meeting minutes shall explain the facts and circumstances of the emergency. All non-emergency matters brought to the Board during the course of a meeting shall be directed to the District office for response or scheduled for a subsequent meeting of the Board.

ARTICLE VIII

PUBLIC PARTICIPATION

Section 1. The Jane Lew Public Service Board recognizes the benefit of public participation both to the public and to the District. Public involvement makes District decisions more likely to reflect public need and preferences, and public confidence and understanding tends to ease potential resistance to District decisions.

Section 2. Members of the public shall be allowed to ask questions and make comment to the Board on any posted agenda item prior to its being acted upon by the Board, provided such members of the public are given the floor by the Chairman, and provided such questions and comment be brief and non-disruptive in nature. Each member of the public may be limited to five-minutes of participation. The Board shall reserve the right to remove from the meeting any member of the public whose participation is such that orderly conduct of the meeting is compromised. Members of the public shall not be required to register intent to speak; however, all members of the public desiring to speak shall be encouraged to provide advance notice of same to the District as a courtesy.

Section 3. New business brought to the Board by members of the public after the agenda is posted shall not be acted upon except to determine if it needs to be placed on the agenda of a subsequent meeting or referred to the District office for response.

ARTICLE IX

EXECUTIVE SESSION CLOSED TO PUBLIC

Pursuant to Section 4, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), a Public Service Board may hold an executive session during a regular, special or emergency meeting in accordance with the provisions of this section as follows:

Section 1. Members of the public shall only be excluded from a meeting of the Board of the Jane Lew Public Service District for one of the allowed purposes set forth under the law. An executive session shall not be convened to safeguard the privacy of an individual if that individual duly requests an open meeting.

Section 2. During the open portion of any regular, special or emergency meeting the Chairman shall cite before all persons present the abovementioned statutory authorization and allowable purpose for closing the meeting to the public. Adjournment to executive session shall require a motion and a majority affirmative vote of the Board. At the end of the executive session the Chairman shall publicly declare the meeting to be open to any members of the public wishing to attend.

Section 3. The Public Service Board shall make no decision during an executive session. All actions on an issue considered during an executive session shall be taken during open session.

Section 4. Minutes of any executive session shall state the statutory authority and allowed purpose for excluding the public, the time the executive session began and the time it ended.

ARTICLE X

MINUTES OF MEETINGS

Pursuant to Section 5, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), a Public Service Board shall provide for the preparation of written minutes of all its meetings as follows:

Section 1. Minutes of all Public Service Board meetings shall consist at a minimum of the date, time and place of the meeting, all Board members present and absent, all invited guests of the District, any members of the public, and (by agenda item in sequence) all motions, proposals, resolutions, orders, ordinances and measures proposed, as well as the name of the Board members who proposed and seconded same, the results of all votes taken, and the time of adjournment.

Section 2. At the request of any Board member for a roll call vote, a record of the vote of each member by name shall be made a matter of record in the minutes. There shall be no decisions made by secret ballot of the Board.

Section 3. After having been approved, the minutes shall be signed by both the Chairman and the Secretary of the Board and a copy provided to the County Commission of Lewis County.

Section 4. At a minimum, all General Manager Reports to the Board, all official Board correspondence for the preceding month, and all documents executed during the meeting shall be appended to the minutes as attachments.

Section 5. The minutes shall be completed and made available to the public within a reasonable time after each meeting. All minutes and their addenda are public records and shall be maintained in perpetuity in a Minutes book which is open to the public upon request. The Secretary of the Board shall have charge of the Minutes book.

ARTICLE XI

BOARD 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. Persons who are not Board members who serve in the capacity of Secretary or Treasurer may be compensated for their work according to rules established by the Board.

Section 2. The officers of the Board shall be elected by the members at the first regular meeting of each calendar year. The officers so elected shall serve until the next annual election by the Board and until their successors are duly elected and qualified. Chairmanship of the Public Service Board shall rotate annually among the three members of the Board. Any vacancy occurring among the officers shall be filled by action of the 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 as hereinabove provided.

ARTICLE XII

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 may delegate functions to the General Manager of the District as provided for by law. The Chairman or designee 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 Minutes book, be the custodian of the Common Seal of the District and of 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. The Secretary of the Board may delegate duties and functions to designated employees of the District.

Section 3. The General Manager of the Jane Lew Public Service District shall hold the office of Treasurer of the Board. 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 is absent from any meeting, the remaining members of the Board shall select a temporary chairman who shall have all of the powers of the absent officer during such period of absence. If the Secretary or Treasurer is absent from any meeting, the General Manager shall be responsible for seeing that secretarial services are provided for the period of absence, and for seeing that the Treasurer's Report is made to the Board.

ARTICLE XIII

PROCEDURES NOT COVERED HEREIN

Any procedures not covered by these Rules of Procedure shall be governed by Robert's Rules of Order.

ARTICLE XIV

AMENDMENTS TO RULES OF PROCEDURE

Pursuant to Section 4, Article 13A, Chapter 16 of the Code of West Virginia of 1931, as amended (the "Act"), the board shall by resolution determine its own rules of procedure.

Section 1. It shall be the right of the Public Service Board to establish and enforce reasonable Rules of Procedure for the carrying out of its official responsibilities.

Section 2. 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, so long as ten days notice of the exact substance of said proposed changes shall be provided to each Board member. No such change or amendment shall be made at any special meeting unless notice of the intention to propose said change be submitted to the news media, and a clear summary of the amendment or amendments be included in the posted public notices.

Section 3. The Board shall review and ratify its Rules of Procedure at the regular January meeting of each calendar year.

Section 4. The Secretary of the Board shall be custodian of the Rules of Procedure of the Board.

Section 5. These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 14th day of December, 2004.

Water

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF LEWIS, to wit:

I, GAIL MARSH, being first duly sworn upon my oath, do depose and say that I am Editor of The Weston Democrat, Inc., a corporation, publisher of the newspaper entitled The Weston Democrat, a Democratic newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year; in the Municipality of Weston, Lewis County, West Virginia; that such newspaper is a newspaper of "general circulation", as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and Lewis County; that such newspaper averages in length four or more pages exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for

passing events of a political, religious, commercial and social nature, and for the current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of The Evening was

duly published in said newspaper once a week for two weeks (Class. P), commencing with the issue of the 10th day of December, 2003 and ending with the issue of the 17th day of December, 2003; that said annexed notice was published on the following dates: Dec 10th - 17th, 2003; and the cost of publishing said annexed notice as aforesaid was \$181.13; and the total number of words: 1035.

Gail Marsh Editor

Taken, subscribed and sworn to before me in my said county this 17th day of December 2003.

Elizabeth E. Bookholt
My commission expires April 20, 2004
Notary Public Kevin
County, West Virginia.

LEGAL ADVERTISEMENT

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

NOTICE IS HEREBY GIVEN that Jane Lew Public Service District, a public utility has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of a project to extend 45,500 linear feet of 6" and 14,500 linear feet of 2" water mains along Jesse Run, Sycamore Lick and Berlin Roads to serve 79 new customers, and to restore a 500,000 gallon water storage tank.

The cost of the project will not exceed \$1,225,000.
The District intends to finance the project with a \$593,250 grant from the U.S. Dept. of Agriculture, Rural Utilities Services (USDA RUS), and a \$631,750 loan from the USDA RUS payable over 40 years at 5.125% interest.

The proposed project-related rates for the project are not to exceed the following:

RATES

- First 2,000 gallons used per month \$7.05 per 1,000 gallons
- Next 3,000 gallons used per month \$5.55 per 1,000 gallons
- Next 4,000 gallons used per month \$4.98 per 1,000 gallons
- Next 6,000 gallons used per month \$4.70 per 1,000 gallons
- All Over 15,000 gallons used per month \$4.26 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amount depending on the size of meter, to-wit:

Meter Size	Minimum Bill
5/8 inch	\$14.10 per month
3/4 inch	\$21.15 per month
1 inch	\$35.25 per month
1 - 1/4 inch	\$54.47 per month
1 - 1/2 inch	\$70.50 per month
2 inch	\$112.60 per month
3 inch	\$211.50 per month
4 inch	\$352.50 per month

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE

\$250.00

RECONNECTION CHARGE

\$20.00

INCREMENTAL COST OF WATER TREATED

\$0.84 per 1,000 gallons. To be used when the bill reflects unusual consumption, which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

RETURNED CHECK FOR INSUFFICIENT FUNDS CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Jane Lew Public Service District shall be the District's charge to the customer for such a bad check; but such charge to the customer shall not exceed \$15.00.

These rates represent the following increases:

	(\$) INCREASE	(%) INCREASE
Residential @ 4,500 gallons per month	\$0.20	0.71%
Commercial @ 10,000 gpm	\$0.40	0.71%
Commercial @ 50,000 gpm	\$1.62	0.71%

The District has no sale for resale customers.
The rates shown are based on averages of all customers in the indicated class. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

Jane Lew Public Service District, a public utility in Lewis County.
DAVID RICE
General Manager

Minutes of Jane Public Service District

Regular Meeting

January 08, 2004

Present: Oscar Mills (Chairman); John T. Frazier; Elaine B. Flaxer (Secretary).

Guests: Roger Davis (Chief Water Operator); Dave R. Harper (Chief Water Operator); Janet Utt (Assistant Office Manager).

1. **Call to Order:** Chairman Mills called the meeting to order at the Jane Lew PSD Wastewater Office at 4:32 p.m. The employees were present at the request of the Board to provide information, but Roger Davis explained he could only stay for twenty minutes. Board member Frazier also explained that he would have to leave in one hour. Consequently, items were taken out of order so as to make the best use of everyone's time. Employees gave input on Items 7, 10, 11 & 14 in the presence of all three Board members, which took a full hour. Then, after election of officers it was decided by all three Board members that Mills and Flaxer would proceed to handle all routine agenda items by themselves, and would reconvene with Frazier present tomorrow night to deliberate on the two items most requiring Frazier's input. Frazier left at 5:40 p.m.

MOTION: (Flaxer/Frazier) After Mills and Flaxer finish covering agenda Items 3, 4, 5, 6, 7, 8, 9, 12, 13, & 14, to adjourn and reconvene this meeting on Friday, January 09, 2004 at 4:30 p.m. at the Wastewater Office in order for all three Board members to complete agenda Items 10 & 11.

[Carried Unanimously]

Second Call to Order: The Friday January 9, 2004 section of the meeting was called to order by Chairman Mills at 4:35 p.m.

2. Election of New Officers:

MOTION: (Flaxer/Frazier) In conformity with the Board's December 2003 decision to suspend the Rules for Rotation of Chairmanship for one year, that Oscar R. Mills continue as Board Chairman for the calendar year 2004. [Carried Unanimously]

MOTION: (Flaxer/Mills) That John T. Frazier assume the position of Vice Chairman for the calendar year 2004. [Carried Unanimously]

MOTION: (Mills/Frazier) That Elaine B. Flaxer continue in the position of Board Secretary for the calendar year 2004. [Carried Unanimously]

MOTION: (Mills/Flaxer) That the role of Treasurer continue to be part of the job of the General Manager for the calendar year 2004. [Carried Unanimously]

3. Affirmation of Mission:

"It shall be the mission of the Jane Lew Public Service District to provide and deliver potable drinking water at a reasonable cost to the residents of our district. In addition, it shall be a further mission to collect and treat wastewater within the district, so as to protect the local environment and safeguard the public health."

MOTION: (Flaxer/Mills) That the Board affirm the mission statement as written (above) for calendar year 2004. [Carried Unanimously]

4. Affirmation of Rules of Procedure:

MOTION: (Flaxer/Mills) That the Board continue to use *Roberts Rules of Order* as its rules of procedure for the 2004 calendar year. [Carried Unanimously]

5. Policies for Open Meetings/Notice of Meetings:

MOTION: (Flaxer/Mills) That the Board reaffirm its Open Meetings policies [*General Notice for Regular Meetings; Specific Notice for Special Meetings; No Notice for Emergency Meetings; Posted Agenda Policy; Public Participation Policy* – all passed at the regular meeting of November 08, 01] for the 2004 calendar year. [Carried Unanimously]

ASSIGNMENT

- ✓ *Flaxer to place "Reevaluation of regular meeting time" as new business item on February regular meeting agenda.*
- ✓ *Following the regular February meeting, office staff to place customary ad in Weston Democrat giving time & location of all regular meetings for calendar year 2004.*

6. Minutes:

MOTION: (Flaxer/Mills) That the Board approve the minutes of the regular December 11, 2003 meeting -and- the December 29, 2003 emergency meeting. [Carried Unanimously]

7. General Manager's Reports:

BILLS

MOTION: (Mills/Flaxer) That the Board approve payment of the PSD's operating expenses (attached) for 12/01/03 – 12/31/03 [Carried Unanimously]

TREASURY REPORT

MOTION: (Mills/Flaxer) That the Board accept the Treasurer's Report for the month of December 2003. [Carried Unanimously]

Discussion: None

WATER MANAGEMENT REPORT

Discussion: The Board first questioned Chief Operator Davis as to why he believes we currently may be experiencing a water leak, then reviewed the numbers for December production & sales over the last several years. Davis explained that WV Rural Water has been requested to provide

leak detection assistance, and the Board told him to stay on top of this request. It was felt that the situation could be either: a leak, a pump problem, or no problem at all. Ultimately, the January meter readings should give the final answer. In the meantime, Mills agreed to follow up with Davis on questions about current pump gal/min readings. Secondly, (as an advance personnel issue) Davis and the Board briefly discussed how we might meet the district's pumping (Certified Operator) needs once the Jesse Run – Sycamore Lick water extension is complete late next fall.

WASTEWATER MANAGEMENT REPORT

Discussion: Nothing specific. (See also Item 14)

MAINTENANCE REPORT

Discussion: After years of inception, this is the first month for a General Manager's Maintenance report to be presented (in this case, for Sewer only). The Board reviewed it without discussion.

ON-CALL LOG

Discussion: There were no after-hours calls for the week of January 2-9. The Board reviewed the log and clarified to the staff how it wants entries made.

8. **Announcements:** None.

9. **Correspondence:**

- Letter (12/09/03) from Kelsh enclosing new water tariff to be posted. (Item 12)
- Memo (12/15/04) from DEP re: our addition of Sewer Phase II to 2004 Priority List (Item 13)
- Letter (12-18-03) from WV-DEP enclosing Compliance Inspection Report (Item 14)
- Cover Letter (12/17/03) From Thrasher (Watson) to Kelsh re: Water Extension Project enclosing Right-of-way Agreements (Item 12)

OLD BUSINESS

10. **Water and Sewer Rule 19-A Rate Increases:**

Discussion: Flaxer reported that the fiscal audit for Water was done this week in the district office by PSC Financial Analyst, Sean Ireland (304-340-0772). The fiscal audit for Sewer is scheduled for January 21-23rd. After an assist from former General Manager Larry Wilson, Assistant Office Manager Janet Utt is now prepared for it. (The Technical audits were done during December by PSC Technical Analyst Dave Holley at 340-0328.)

Ireland requested Flaxer to phone him next week with the Board's decisions regarding:

- A. Our hiring of another General Manager (Recurring Personnel Line Item) [See Item 11]
- B. Annual cost-of-living increases for staff for FY 04/05 and 05/06 (Recurring Personnel)
- C. Non-recurring/one-time Water & Sewer needs (rough lists having been drawn up by the district's Chief Operators for tonight's meeting).

MOTION (Flaxer/Mills) That the Board approve annual cost of living increases for the district's eligible full-time staff for FY 04/05 and 05/06, contingent upon corresponding Water & Sewer rate increases. [Carried Unanimously]

Following is PSC Analyst Ireland's recommended process for dealing with the lists of non-recurring needs:

- 1) Board to review/approve lists with rough cost estimates tonight;
- 2) Flaxer to convey decisions to Ireland next week;
- 3) District to obtain binding letter of commitment for bank loan (this step will require accurate and documented estimates);
- 4) Board to approve loan contingent upon getting rate increases;
- 5) Flaxer to provide Ireland with minutes documenting Board's decision.

MOTION: (Mills/Frazier) That the attached list of Non-recurring Sewer Needs be included in the upcoming Rule 19-A sewer rate raise application. [Carried Unanimously]

MOTION: (Frazier/Flaxer) That the attached list of Non-recurring Water Needs be included in the upcoming Rule 19-A water rate raise application. [Carried Unanimously]

11. Vacant General Manager Position:

Filling Vacant Position

Discussion: After the Emergency Meeting of December 29, 2004, Secretary Flaxer made an exploratory call to Richard J. Light of Broad Run, Jane Lew to inquire if he had any interest in helping the district on a temporary, part-time basis. Light had applied for the General Manager position in September, had been interviewed and approved by the Board, but took himself out of the running in October before the Board made its final decision. Light, whose credentials include a degree in accounting, years of experience in business management, and even certification (now outdated) to operate a waste treatment plant, was not interested in a full-time round-the-clock position of public service responsibility. However, he was receptive to Flaxer's call. After preliminary discussion among the three Board members, Light came in person to discuss the district's needs. After mutual discussion it appeared that Light would meet the district's immediate needs and that there was no serious incompatibility between his interests and those of the district. The Board, therefore, decided to hire Richard J. Light as acting General Manager/Managerial Consultant on a temporary, part-time basis.

MOTION: (Mills/Frazier) That the Board approve the attached Resolution of Employment for Richard J. Light to assume the role of Acting General Manager/Managerial Consultant of the Jane Lew PSD effective Monday January 12, 2004, at 9 a.m. [Carried Unanimously]

Authorization of Bank Account Signatures

Discussion: Subsequent to the resignation of General Manager David R. Rice and the hiring of Acting General Manager Richard J. Light, both banks will need new signature cards for all district officers allowed to sign district checks. After vote on the motion below, all necessary cards were duly signed.

MOTION: (Flaxer/Frazier) To authorize Oscar R. Mills, John T. Frazier, Elaine B. Flaxer & Richard J. Light to sign the United and Citizens Banks' Resolutions indicating the Board's approval for the removal of former General Manager, David R. Rice, and the addition of Acting General Manager, Richard J. Light as signatories for the Jane Lew PSD.

[Carried Unanimously]

Authorization of Overtime for Assistant Office Manager

Discussion: With only a part-time Acting General Manager, more work will fall (and has fallen since January 2nd) to Assistant Office Manager, Janet Utt. Under the former fulltime General Manager, the Board did not allow overtime for his assistant.

MOTION: (Flaxer/Frazier) That the Assistant Office Manager be granted overtime compensation as necessary retroactive to January 2, 2004 on the authority of the Acting General Manager. [Carried Unanimously]

Approval of Interim Pager Policy

Discussion: After discussions with all employees, the Board came up with a policy satisfactory to all four plant and field staff and the office staff. Essentially, the two Chief Operators are in charge of scheduling the rotation, the Assistant Office Manager follows-up with the public, and the Acting General Manager oversees all. (See attached)

MOTION: (Flaxer/Mills) That the Board approve the attached pager policy entitled "Revised Interim Policy" and dated January 9, 2004. [Carried Unanimously]

12. Update: Sycamore Lick/Jesse Run Water Extension:

Discussion: Flaxer reported that she has reserved the Youth League Building for the RUS-required Public Meeting for User Sign-Up, scheduled for Thursday, January 29, 2004 at 6:30 pm. The district will provide notice of the meeting by handing out flyers door-to-door in the project areas (to be done by Board members and community volunteers), as well as by notice in public media. In an effort to provide incentive for the necessary 80% user commitment the district has obtained permission from the PSC to offer a pre-construction tap fee of \$50 to new users.

MOTION: (Mills/Flaxer) That the Board approve the revised tariff with its new addition of a \$50 pre-construction tap fee for line extensions. [Carried Unanimously]

13. Update: Sewer Upgrade:

Discussion: Flaxer reported no news from the Engineers, funding agency, or attorney.

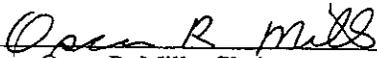
NEW BUSINESS

- 14. Compliance Inspection Report:** Chief Sewer Operator Dave Harper explained the results of a DEP inspection done in November. Harper confirmed former GM Rice's earlier verbal report as to the 24-hour inflow measurement taken, and documented very high excess inflow due to rain, which was deemed by the DEP to have been well managed by the district. (See General Manager's Wastewater Report for December 11, 2003 meeting) However, the district was warned about documentation errors made. The district was also given two-weeks by the DEP to repair the transfer switch on the Sewer Plant's backup generator. This repair has been stalled by lack of progress on our insurance claim. (See GM's Wastewater Report for August 14, 2003 meeting.)

15. Late Received Agenda Items: None.

Adjournment: The January 8th portion of the meeting was adjourned by Chairman Mills at 7 p.m.

Second Adjournment: The January 9th part of the meeting was adjourned by Mills at 7:33 p.m.


Oscar R. Mills, Chairman


Elaine B. Flaxer, Secretary

Attachments:

- December '03 Bills Paid (Water/Wastewater)
- December '03 Treasury Report
- December '03 Water/Wastewater Production Reports
- All correspondence listed on Page 3
- January 2004 List of Non-Recurring Sewer Needs
- January 2004 List of Non-Recurring Water Needs
- Resolution of Employment for Richard J. Light
- Revised Interim Policy for Rotation of ON-CALL Pager

E-Copies of Draft Minutes Sent to:

- James Kelsh, Attorney
- Ken Moran, Sewer Project Chief Engineer, Thrasher Engineering
- Randy Watson, Water Project Chief Engineer, Thrasher Engineering

JANE LEW PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

MINUTES ON ADOPTION OF BOND RESOLUTION
AND RULES OF PROCEDURE

The undersigned Secretary of the Public Service Board of Jane Lew Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Jane Lew Public Service District met in special session, pursuant to notice duly given, on the 14th day of December, 2004, at the District's office in Jane Lew, West Virginia, at the hour of 10:00 a.m., prevailing time.

PRESENT: Chairman - Oscar R. Mills
 Secretary - Elaine B. Flaxer
 Treasurer - Tom R. Pitman, General Manager
 Member - Thomas Bailey

ABSENT: None

Oscar R. Mills, Chairman, presided, and Elaine B. Flaxer, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF JANE LEW PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE

COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$580,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 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, upon motion duly made by Mills and seconded by Bailey, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

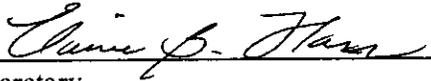
Thereupon, the Chairman presented proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made by Bailey, and seconded by Mills, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 16th day of December, 2004.


Secretary

AFFIDAVIT OF PUBLICATION
STATE OF WEST VIRGINIA,
COUNTY OF LEWIS, to wit:

I, ROBERT Y. SPENCE, being first duly sworn upon my oath, do depose and say that I am Editor of The Weston Democrat, Inc., a corporation, publisher of the newspaper entitled The Weston Democrat, a Democratic newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly; for at least fifty weeks during the calendar year, in the Municipality of Weston, Lewis County, West Virginia; that such newspaper is a newspaper of "general circulation", as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and Lewis County; that such newspaper averages in length four or more pages exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the

general public resorts for passing events of a political, religious, commercial and social nature, and for the current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of Public Hearing was duly published in said newspaper once a week for one weeks (Class. I), commencing with the issue of the 1st day of December, 2004 and ending with the issue of the 1st day of December, 2004; that said annexed notice was published on the following dates: Dec 1st 2004; and the cost of publishing said annexed notice as aforesaid was \$53.13; total number of words: 483.

Robert Y. Spence Editor

Taken, subscribed and sworn to before me in my said county this 2nd day of December, 2004.

Elizabeth E. Bookholt
My commission expires April 20, 2014
Notary Public Lewis
County, West Virginia.



LEGAL ADVERTISEMENT
NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF JANE LEW PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the Jane Lew Public Service District (the "PSD") will be held to consider and adopt the following entitled Resolution, and to take such other action as necessary in relation thereto, on Tuesday, December 14, 2004, at 10:00 a.m., prevailing time, at the Jane Lew Youth League Building, 712 Park Avenue, Jane Lew, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF JANE LEW PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$580,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS, PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS, AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the District.

At the meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: December 1, 2004
/s/ Elaine B. Fixer
Secretary

WV MUNICIPAL BOND COMMISSION
 8 Capitol Street
 Suite 500, Terminal Building
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 16, 2004

ISSUE: <u>Jane Lew Public Service District Water Revenue Bonds, Series 2004 A (United States Department of Agriculture)</u>		
ADDRESS: <u>P.O. Box 845, Jane Lew, West Virginia 26378</u>		COUNTY: <u>Lewis</u>
PURPOSE OF ISSUE: New Money: <u>X</u> Refunding: _____	REFUNDS ISSUE(S) DATED: <u>N/A</u>	
ISSUE DATE: <u>December 16, 2004</u>	CLOSING DATE: <u>December 16, 2004</u>	
ISSUE AMOUNT: <u>\$580,000.00</u>	RATE: <u>4.375%</u>	
1ST DEBT SERVICE DUE: <u>N/A</u>	1ST PRINCIPAL DUE: <u>N/A</u>	
1ST DEBT SERVICE AMOUNT: <u>N/A</u>	PAYING AGENT: <u>Issuer</u>	
BOND COUNSEL: <u>Step toe & Johnson PLLC</u> Contact Person: <u>John C. Stump, Esquire</u> Phone: <u>(304) 353-8196</u>	UNDERWRITERS COUNSEL: _____ Contact Person: _____ Phone: _____	
CLOSING BANK: <u>Progressive Bank</u> Contact Person: <u>Connie R. Tenney, Senior VP</u> Phone: <u>(304) 269-0300</u>	ESCROW TRUSTEE: _____ Contact Person: _____ Phone: _____	
KNOWLEDGEABLE ISSUER CONTACT Contact Person: <u>Oscar R. Mills</u> Position: <u>Chairman</u> Phone: <u>(304) 884-7111</u>	OTHER: <u>United States Department of Agriculture</u> Contact Person: <u>Joe Crickenberger</u> Function: <u>Rural Development Specialist</u> Phone: <u>(304) 636-2158</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 directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2004 A Bonds Reserve Account. Payments into the Series 2004 A Bonds Reserve Account will commence 24 months following the date hereof.</u>		
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____		

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

USDA UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

Randolph Center Building, 1200 Harrison Avenue, Suite 150, Elkins, West Virginia 26241
304-636-2158 • FAX 304-636-5902 • TTY/TDD 304-284-4836

November 19, 2004

~~Mr. Oscar R. Mills, Chairman
Jane Lew Public Service District
P.O. 845
Jane Lew, WV 26378~~

Dear Mr. Mills:

This letter is to confirm that the pre-closing meeting for the USDA Rural Utilities Service (RUS) loan and grant on the upcoming Jane Lew PSD Jesse Run / Sycamore Lick Water Project will be held on December 14, 2004 at 10:00 a.m. in the Jane Lew Youth League Building which is near the Jane Lew PSD office. A pre-construction conference will follow at 11:00 a.m. The official loan closing date for the PSD's project will be December 16, 2004. Please have your accountant and your attorney available at 10:00 a.m. for pre-closing decisions.

Reference is made to the RUS letter of conditions dated June 12, 2003. All of the requirements of that letter must be met and the loan must be closed in accordance with RUS Instruction 1780.

Many of the aforementioned items have already been addressed. Those items remaining to be satisfied prior to loan closing include:

1. The Certification on the Loan Resolution will be completed at pre-closing.
2. The Gant Agreement will be properly executed at the Pre-closing.
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 December 16, 2004.

www.rurdev.usda.gov/wv



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer.
Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410
COMMITTED TO THE FUTURE OF RURAL COMMUNITIES

4. The PSD's attorney must furnish a Form RD 1927-10, Final Title Opinion, on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated December 16, 2004.
5. In accordance with Item 8(c) of the letter of conditions, the PSD's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. At minimum, a "right of entry" must be obtained for all properties before the pre-closing.
6. In accordance with the Legal Services Agreement, your project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project.
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.
8. All applicable Public Service Commission certificates and/or approvals must be obtained prior to closing.
9. The PSD's accountant must certify that all accounts and records are properly established and are operational in accordance with item 7(b) of the letter of conditions.
10. The PSD must provide RUS with a current copy of their Workers' Compensation Certificate.
11. The Contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions".
12. Please be prepared to have a properly called meeting of the PSD's Board of Directors during the pre-closing process in case it becomes necessary for the Board to make decisions in connection with your project. Also please bring any official seal that the PSD uses for authenticating documents.

13. Nancy Taylor, our Rural Development Technician, is planning to complete a Civil Rights Compliance Review with the PSD at the pre-closing. This is normally in the format of an informal interview to help her gather the information for the review.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

Joseph D. Crickenberger
Rural Development Specialist

CC: State Director
USDA- Rural Development

John C. Stump ✓
Stephoe & Johnson
Bond Counsel

James V. Kelsh
Attorney at Law

James W. Lane, Jr.
Attorney at Law

Randy Watson
Thrasher Engineering
Consulting Engineers

Randy Harris
Harris & Co.
Certified Public Accountant



United States
Department of
Agriculture

Rural
Development

1110577-7
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

June 12, 2003

Oscar R. Mills, Chairman
Jane Lew Water Commission Public Service District
P.O. Box 845
Jane Lew, WV 26378

COPY

Dear Mr. Mills:

This letter, with Attachments 1 through 15 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 \$580,000, an RUS grant in the amount of \$700,000, for a total project cost of \$1,280,000.

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

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

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

- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 11 - Jane Lew PSD Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
- Attachment No. 14 - RUS Policy regarding Use of Remaining Funds
- Attachment No. 15 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.50% interest rate and a monthly amortization factor of .00459, which provides for a monthly payment of \$2,663. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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

2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 453 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 79 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, which is to be partially replaced by the new system, at the time you request

authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of \$100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

The RUS loan and grant commitment is based on the PSD providing service to 10 large volume users. Evidence must be provided to show those users will actually be connected to the system when it is completed and that the monthly water usage projected for each by the engineer is reasonable. In the event any of those users refuse the offered service, the PSD must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having those users on the system.

4. Bond Counsel 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.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

Prior to loan and grant closing, you must provide RUS with documentation that the West Virginia Public Service Commission has reviewed and approved the engineering agreement.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, “Legal Services Agreement” is enclosed for your use.
7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

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

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, “Government Auditing Standards (Revised 1994)” (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

- a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. 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.
9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Environmental Protection

- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

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

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

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

flood or mudslide prone areas:

- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

- (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) "RUS Supplemental General Conditions."

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

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

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

equipment in place or stored on the site to the full insurable value thereof.

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

- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
 - d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.
14. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.13).
15. 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. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

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

The 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 \$100,000 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.

16. Water Purchase Contract - You propose to purchase treated water from Greater Harrison PSD; therefore, you must enter into a Water Purchase Contract.

Form RD 442-30 must be used unless you receive an exception from RUS.

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

Form RD 442-7 - "Operating Budget"
 Form RD 1940-1 - "Request for Obligation of Funds"
 RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 Form RD 400-1 - "Equal Opportunity Agreement"
 Form RD 400-4 - "Assurance Agreement"
 Form AD 1047 - "Certification Regarding Debarment - Primary"
 Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 Form RD 1942-46, "Letter of Intent to Meet Conditions"

18. 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.
19. 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.

The "RUS Policy Regarding Use of Remaining Funds" is attached for your information and use (Attachment No. 14). This policy should be adhered to when addressing the use of bid underrun funds, as well as any funds remaining after project construction is complete.

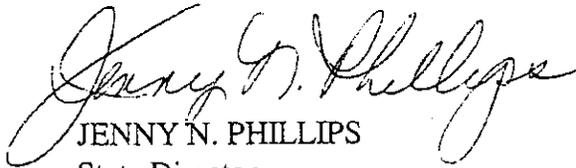
Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to

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,



JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Randy Harris, CPA
235 North River Ave.
Weston, WV 26452

James Kelsh
Attorney at Law
P.O. Box 3713
Charleston, WV 25337

Thrasher Engineering
ATTN: Randy Watson
P.O. Box 1532
Clarksburg, WV 26301

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 526,050	\$ 396,685	\$ 922,735
CONST. CONTINGENCY	\$ 36,800	\$ 27,800	\$ 64,600
LEGAL FEES	\$ 5,700	\$ 4,300	\$ 10,000
BOND COUNSEL	\$ 8,600	\$ 6,400	\$ 15,000
ACCOUNTING	\$ 2,000	\$ 1,500	\$ 3,500
ENGINEERING FEES	\$ 86,400	\$ 65,200	\$ 151,600
Basic - \$78,400			
Insp. - \$63,200			
Special - \$10,000			
INTEREST		\$ 52,200	\$ 52,200
PROJECT CONTG.	\$ 34,450	\$ 25,915	\$ 60,365
TOTAL	\$ 700,000	\$ 580,000	\$ 1,280,000

Rates

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$	7.86	per M gallons
Next	3,000	gallons @	\$	6.18	per M gallons
Next	4,000	gallons @	\$	5.53	per M gallons
Next	6,000	gallons @	\$	5.22	per M gallons
Over	15,000	gallons @	\$	4.74	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	\$	15.72	per month
3/4"	meter	\$	23.58	per month
1"	meter	\$	39.30	per month
1 1/2"	meter	\$	78.60	per month
2"	meter	\$	125.76	per month
3"	meter	\$	235.80	per month
4"	meter	\$	393.00	per month
6"	meter	\$	786.00	per month
8"	meter	\$	1,257.60	per month

Minimum Monthly Bill \$15.72 for 2,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$20.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions
 For: Jane Lew PSD
 Date: June 12, 2003

Jane Lew Public Service District - Water
USE AND INCOME ANALYSIS
EXISTING SYSTEM - PROPOSED RATES

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 2,000	Next 3,000	Next 4,000	Next 6,000	Over 15,000	TOTAL REVENUE
0 - 2,000	156	312.0	156						
2,001 - 5,000	209	676.5		418	258.5	89.5	0	0	
5,001 - 9,000	55	364.5		110	165	64	63		
9,001 - 15,000	16	207.0		32	48	68	102	1577.5	
Over 15,000	17	1832.5		34	51				
Monthly Total	453	3392.50	156	594	522.5	221.5	165	1577.5	
Current Rates			\$ 15.72	\$ 7.86	\$ 6.18	\$ 5.53	\$ 5.22	\$ 4.74	
Monthly Revenues			\$ 2,452.32	\$ 4,668.84	\$ 3,229.05	\$ 1,224.90	\$ 861.30	\$ 7,477.35	\$ 19,913.76
Annual Revenues			\$ 29,427.84	\$ 56,026.08	\$ 38,748.60	\$ 14,698.74	\$ 10,335.60	\$ 89,728.20	\$ 238,965.06

4,500 gallon rate = \$31.17

Attachment No. 1 to Letter of Conditions
 For: Jane Lew PSD
 Date: June 12, 2003

Jane Lew Public Service District - Water
USE AND INCOME ANALYSIS
NEW USERS - PROPOSED RATES

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 2,000	Next 3,000	Next 4,000	Next 6,000	Over 15,000	TOTAL REVENUE
0 - 2,000	63	126.0	63						
2,001 - 5,000	16	72.0		32	40				
5,001 - 9,000	0	0.0		0	0	0	0	0	
9,001 - 15,000	0	0.0		0	0	0	0	0	
Over 15,000	0	0.0		0	0	0	0	0	
Monthly Total	79	198.00	63	32	40	0	0	0	
Current Rates			\$ 15.72	\$ 7.86	\$ 6.18	\$ 5.53	\$ 5.22	\$ 4.74	
Monthly Revenues			\$ 990.36	\$ 251.52	\$ 247.20	\$ -	\$ -	\$ -	\$ 1,489.08
Annual Revenues			\$ 11,884.32	\$ 3,018.24	\$ 2,966.40	\$ -	\$ -	\$ -	\$ 17,868.96

4,500 gallon rate = \$31.17

JANE LEW PSD
OPERATING BUDGET

OPERATING INCOME		
Metered Sales	\$ 256,834	
Other Income	\$ 2,810	
Reconnect Fees		
TOTAL OPERATING INCOME		<u>\$ 259,644</u>
NON OPERATING INCOME		
Interest income	\$ 60	
TOTAL NON OPERATING INCOME		<u>\$ 60</u>
TOTAL INCOME		<u>\$ 259,704</u>
EXPENSES		
O & M	\$ 219,217	
Taxes	\$ 3,787	
TOTAL EXPENSES		<u>\$ 223,004</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 36,700</u>
DEBT SERVICE		
Existing Bond P & I (B)	\$ -	
Proposed Bond P & I (B)	\$ 31,956	(\$580,000 loan @ 4.50% for 38 yrs.)
TOTAL DEBT SERVICE		<u>\$ 31,956</u>
DEBT SERVICE RESERVE		
Debt Service Reserve*	\$ 3,196	
TOTAL DEBT SERVICE RESERVE		<u>\$ 3,196</u>
SURPLUS (DEFICIT)		<u><u>\$ 1,548</u></u>
DEBT COVERAGE (A/B)		\$ 1.15

Proposed \$700,000 RUS Grant and \$580,000 RUS Loan

Attachment No. 2 to Letter of Conditions
 For: Jane Lew PSD
 Date: June 12, 2003

**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
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		HAVE	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney			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
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		HAVE	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		HAVE	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/Engineer			8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/Engineer			8
	Statement reporting the <u>total</u> number of <u>potential</u> users		1780.33(c)	Applicant/Engineer		HAVE	8
	Copy of Existing Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	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
Automated Form	Grant Determination	3	1780.35(b)	RUS		HAVE	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
CPAP Form	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant			3
CPAP Form	Project Fund Analysis	3	1780.41(a)	RUS			2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Loan Agreement	2	1780.14	RUS			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
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5

<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>
	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		HAVE	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
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	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
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2

<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>
	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
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	PSC Approval of Engineering Agreement	1	LOC	Engineer			6
	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
	Workers' Compensation Certificate	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>
	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

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Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 16 U.S.C. 1005.

RUS Instruction 1780

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants
Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants"

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of \$100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

- (a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;
- (b) It must be established that not using bond counsel will produce significant savings in total legal costs;
- (c) The local attorney must be able and experienced in handling this type of legal work;
- (d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;
- (e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and
- (f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

- (a) Copies of all organizational documents;
- (b) Copies of general incumbency certificate;
- (c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;
- (d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;
- (e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;
- (f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;
- (g) Specimen bond, with any attached coupons;
- (h) Attorney's no-litigation certificate;
- (i) Certified copies of resolutions or other documents pertaining to the bond award;
- (j) Any additional or supporting documents required by bond counsel;
- (k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;
- (l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar.

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

RUS Instruction 1780

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

- (a) The date from which each advance will bear interest;
- (b) The interest rate as determined by §1780.13;
- (c) A payment schedule providing for interest on outstanding principal at least annually; and
- (d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

(a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than \$1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.

(b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

(1) Provisions for the holder to manually post each payment to the instrument.

(2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.

(3) Provisions that amend covenants contained in Forms RD 1942-47 or RD 1942-9.

(4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

(1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;

(2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;

(3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;

(4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.

§1780.95 Public bidding on bonds.

Bonds offered for public sale shall be offered in accordance with State law and in such a manner to encourage public bidding. The Agency will not submit a bid at the advertised sale unless required by State law, nor will reference to Agency's rates and terms be included. If no acceptable bid is received, the Agency will negotiate the purchase of the bonds.

§§1780.96 - 1780.100 [Reserved]

FmHA Instruction 1942-A
(Guide 3)

SERVICE DECLINATION STATEMENT

I understand that the _____ (Name of Association)
proposes to build a (water) (sewer) system to serve my area. I have
been given an opportunity to sign a (Water) (Sewer) Users Agreement so
that I might obtain service. I do not wish to be served because _____

_____ Date _____ Signature

_____ (Mailing Address)

_____ (Location)

The information inserted above is correct to the best of my knowledge.
It was not possible to obtain the signature of this potential user because

_____ Date _____ *Signature

*To be completed and signed by a representative of the association when
applicable.

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Utilities Service

LEGAL SERVICES AGREEMENT

This agreement made this _____ day of _____,
_____ between _____

(sponsors) (organizing committee) (Name of organization)

hereinafter referred to as "Owners," and _____,

attorney at law, of _____, hereinafter referred
to as "Attorney":

WHEREAS, Owners are intending to _____ (have formed) _____ ("public water supply
district,"

_____ "public service district," "not for profit corporation," or

_____, a _____
other official designation) ("body politic," "municipal

_____ corporation," "nonprofit corporation," or other organization)

in _____ County _____

under the provisions of _____
(Cite statute(s) under which applicant will be

_____); and
organized)

WHEREAS, the Attorney agrees to perform all legal services necessary to organize and
incorporate said _____

_____ under the provisions of

said statutes and to perform all other customary legal services necessary to the organization, financing, construction, and initial operation of
a _____ system;

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

SECTION A - LEGAL SERVICES

That the Attorney will perform such services as are necessary to accomplish the above recited objectives including, but not limited to, the following:

1. Preparation and filing of petition for incorporation and supervision and assistance in the taking of such other actions as may be necessary or incidental to cause the Owners to become duly organized and incorporated and to be authorized to undertake the proposed system.

2. Furnish advice and assistance to the governing body of the duly incorporated association in connection with (a) the notice for and conduct of meetings; (b) the preparation of minutes of meetings; (c) the preparation and enactment of such resolutions as may be necessary in connection with the authorization, financing, construction, and initial operation of the system; (d) the preparation of such affidavits, publication notices, ballots, reports, certifications, and other instruments and advice as may be needed in the conduct of such bond elections as may be necessary; (e) the preparation and completion of such bonds or other obligations as may be necessary to finance the system; (f) the completion and execution of documents for obtaining a loan made or insured or a grant made by the United States of America, acting through the Rural Utilities Service, U. S. Department of Agriculture; (g) entering into construction contracts; (h) preparation and adoption of By-Laws, Rules and Regulations, and rate schedules; (i) such other corporate action as may be necessary in connection with the financing, construction, and initial operation of the system.

3. Review of construction contracts, bid-letting procedure, and surety and contractual bonds in connection therewith.
4. Preparation, negotiation, or review of contract with a city or other source of water supply when necessary.
5. Preparation, where necessary, and review of deeds, easements and other rights-of-way documents, and other instruments for sites for source of water supply, pumping stations, treatment plants, and other facilities necessary to the system and to provide continuous rights-of-way therefor; rendering title opinions with reference thereto; and providing for the recordation thereof.
6. Obtain necessary permits and certificates from county and municipal bodies, from State regulatory agencies, and from other public or private sources with respect to the approval of the system, the construction and operation thereof, pipeline crossings, and the like.
7. Cooperate with the engineer employed by Owners in connection with preparation of tract sheets, easements, and other necessary title documents, construction contracts, water supply contracts, health permits, crossing permits, and other instruments.
8. When applicable, secure assistance of and cooperate with recognized bond counsel in the preparation of the documents necessary for the financing aspects of the system. The attorney shall pay all bond counsel in perfecting the financing aspects, e.g., assessment procedures and completion of documents. Where bond counsel is retained, the Attorney will not be responsible for the preparation and approval of those documents pertaining to the issuance of the Owner's obligations.

SECTION B - COMPENSATION

1. Owners will pay to the Attorney for professional services rendered in accordance herewith, fees as follows:

Said fees to be payable in the following manner and at the following times:

SECTION C - OTHER PROVISIONS

1. That upon organization and incorporation the association shall by appropriate resolution adopt and ratify this Agreement, that the association shall be substituted for the individual Owners as a party to this Agreement, and that the Owners as individuals shall thereupon be relieved of all personal liability existing or arising from this Agreement.

2. That upon organization and incorporation should the association fail or refuse to adopt and ratify this Agreement by appropriate resolution within _____ days from the date of the commencement of its legal existence, this Agreement shall terminate and Owners shall be liable to the Attorney for payment of \$ _____, which sum represents payment in full for the organization and incorporation of the association and for all other legal services rendered to Owners under the terms of this Agreement to the date of said termination.

Attorney:

Owners:

PRELIMINARY TITLE OPINION

Loan Applicant	Address of Property	
Applicant for Title Examination	County	State

- I. At the request of the above-named applicant(s) for title examination, I have examined title to the real property described in attached Schedule A and, if the security includes a water right, to the water right described in attached Schedule B (such real property or water right, or both, herein referred to as "the property"), offered as security in connection with a loan to be made or insured by the United States of America, acting through the Farmers Home Administration.
- II. My examination covered the period commencing with _____, *
filed for record on _____, 19____, at _____ M. o'clock, to _____,
19____, at _____ M. o'clock.
- III. Based on said examination and any additional information concerning the title which has come to my attention, it is my opinion that title to the property, subject only to the encumbrances, reservations, exceptions, and defects, and the provisions of any security instrument authorizing future advances which would have priority over the proposed Farmers Home Administration security instrument, all of which are set forth at the end of the description, is vested in the following party or parties:
- IV. In order to vest good and marketable title in fact to the property in the loan applicant or in the loan applicant and co-applicant as required or permitted by the Farmers Home Administration, subject only to the encumbrances, exceptions, and reservations which under written authorization from the Farmers Home Administration may remain outstanding, the following satisfactions, releases, payments, quitclaim deeds, warranty deeds, or affidavits or other conveyances or curative instruments, must be obtained and, unless otherwise indicated, recorded:
- V. The names of the parties, in addition to the loan applicant(s), who must execute the security instrument in order to give the Farmers Home Administration a lien free and clear of dower, curtesy and homestead rights, are:
- VI. I will assist in closing the loan and promptly render a supplemental opinion covering the interval from the terminal date of the search covered by this Opinion to the time when the real estate security instrument and any other necessary instruments executed in connection with the loan are filed for record.
- VII. I have made the title examination, and issue this Opinion. This Opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America, acting through the Farmers Home Administration, and I assume liability to each hereunder.

(Date)

(Attorney's signature)

(Address)

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date _____

Dear Sir:

I have reviewed the action taken by _____
(hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way Certificate," executed by the Corporation on _____, 19 _____. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate."

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

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.
- C. Exceptions:

Very truly yours,

Attorney for _____

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to _____, _____, at _____ a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in _____
_____ as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid _____ lien on said property as required by Rural _____
(Priority) *(Mortgage, etc.)* Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date) _____, at _____ a.m. and is recorded in _____
p.m. *(Book, page, and office)*
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

FINAL TITLE OPINION

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to _____, _____, at _____ a.m. (including the time of filing the current security instrument).
(Date) p.m.

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in _____

as _____
(Joint tenants, tenants by the entirety, etc.)

B. The United States of America holds a valid _____ lien on said property as required by Rural
(Priority) (Mortgage, etc.)

Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____
(Date)

_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

Budget Description: **Jane Lew PSD**

Schedule 1

Name Jane Lew Water Commission Public Service District		Address P.O. Box 845, Jane Lew		
Applicant Fiscal Year From 7/1	To 06/30	County Lewis	State (Including ZIP Code) WV 26378	
			2004	2005

A. Operating Income

Water Sales	256,834
Other	2,810

B. Total Operating Income

Total Operating Income	0	259,644
------------------------	---	---------

C. Operating Expense

Other	Source of Supply	38,127
Other	Power and Pumping	24,457
Other	Water Treatment	42,937
Other	Trans./Dist.	30,715
Other	Billing/Collecting	16,997
Other	Administrative/General	65,984
RD Interest		26,100
Other	Taxes	3,787

D. Total Operating Expense

Total Operating Expenses	0	249,104
--------------------------	---	---------

E. Net Operating Income

Net Operating Income	0	10,540
----------------------	---	--------

F. NonOperating Income

Interest Income	60
-----------------	----

G. Total NonOperating Income

Total NonOperating Income	0	60
---------------------------	---	----

H. Net Income

Net Income	0	10,600
------------	---	--------

I. Cash Provided From

Depreciation	
Others:	
Proceeds from USDA loan/grant	1,280,000
Proceeds from others	

			2004	2005
--	--	--	------	------

Increase (Decrease) in Current Liabilities		
Decrease (Increase) in Current Assets		
Other:		
-		

J. Total All Cash		
Total All Cash	1,280,000	10,600

K. Expenditures		
All Construction, Equipment, and New Capital Items	1,280,000	
Replacement and Additions to Existing Property		
Principal Payment USDA Loan		5,856
Principal Payment Other Loans		
Other:		

L. Total Expenditures		
Total Expenditures	1,280,000	5,856

M. Beg & End Cash Balances		
Beginning Cash Balances		0
Ending Cash Balances	0	4,744

N. Cash Balances		
Construction Account		
Revenue Account		1,548
Debt Payment Account		
O&M Account		
Reserve Account		3,196
Funded Depreciation Account		
Others:		
-		0
Total - Agrees with Ending Cash Balance	0	4,744

Budget and Projected Cash Flow Approved by Governing Body

Attest: _____ Date

Oscar Mills, Chairman _____ Date

REQUEST FOR OBLIGATION OF FUNDS

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED Complete Items 1 through 30 and applicable Items 31 through 43. See FMI.				
1. CASE NUMBER ST CO BORROWER ID 57 021 556011253		LOAN NUMBER		FISCAL YEAR
2. BORROWER NAME Jane Lew Water Commission PSD		3. NUMBER NAME FIELDS 1 1, 2, or 3 from Item 2)		
		4. STATE NAME West Virginia		
		5. COUNTY NAME Lewis		
GENERAL BORROWER/LOAN INFORMATION				
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 4 - HISPANIC 2 - BLACK 5 - A/PI 3 - AI/AN		7. TYPE OF APPLICANT 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARM WORKERS 7 - OTHER 4 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION		8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 7 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS
				9. EMPLOYEE RELATIONSHIP CODE 0 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 6 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN. FEMALE OWNED 6 - PUBLIC BODY		11. MARITAL STATUS 1 - MARRIED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED) 2 - SEPARATE		12. VETERAN CODE 2 1 - YES 2 - NO
				13. CREDIT REPORT 2 1 - YES 2 - NO
14. DIRECT PAYMENT 3 (See FMI)		15. TYPE OF PAYMENT 1 1 - MONTHLY 3 - SEMI-ANNUALLY 2 - ANNUALLY 4 - QUARTERLY		16. FEE INSPECTION 2 1 - YES 2 - NO
				17. INTEREST CREDIT 1 - YES (FRO SFH ONLY) 2 - NO
18. COMMUNITY SIZE 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		19. DWELLING TYPE/USE OF FUNDS CODE (See FMI)		
COMPLETE FOR OBLIGATION OF FUNDS				
20. TYPE OF ASSISTANCE 067 (See FMI)		21. PURPOSE CODE 2		22. SOURCE OF FUNDS 2
				23. TYPE OF ACTION 1 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
24. TYPE OF SUBMISSION 1 1 - INITIAL 2 - SUBSEQUENT		25. AMOUNT OF LOAN \$ 580,000.00		26. AMOUNT OF GRANT \$ 700,000.00
27. AMOUNT OF IMMEDIATE ADVANCE \$ 0.00		28. DATE OF APPROVAL MO DA YR - -		29. INTEREST RATE 4.5000%
				30. REPAYMENT TERMS 40
COMPLETE FOR SINGLE FAMILY HOUSING ONLY				
31. INCOME CATEGORY CODES 1 - VERY LOW 3 - MODERATE 2 - LOW 4 - ABOVE MODERATE		32. LOW INCOME LIMIT-MAX.		33. ADJUSTED FAMILY INCOME
34. R.E. INSURANCE		35. R.E. TAXES 1st year		36. R.E. TAXES 2nd year
				37. NOTE INSTALLMENT INELIGIBLE
38. TYPE OF UNIT 1 - FARM TRACT 2 - NON-FARM TRACT				
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS				
39. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT				
40. DISASTER DESIGNATION NUMBER (See FMI)		41. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUB LOA 4 - ASSUMPTION WIT SUBSEQUENT LOAN		
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY		
42. OBLIGATION DATE MO DA YR - -		43. BEGINNING FARMER/RANCHER (See FMI)		

CERTIFICATION APPROVAL

For All Farmer Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representatives completing title work and completing loan closing.

44. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Approval of financial assistance is subject to the terms of the letter of conditions dated

45. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and requested payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For SFH & FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 29 of this form.
_____ YES _____ NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more five years, or both."

Date _____, 19 _____ Jane Lew Water Commission Public Service District

Date _____, 19 _____ By: _____
Oscar Mills
Chairman

46. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Date Approved: _____ Title _____
(Signature of Approving Official)

47. TO THE APPLICANT: As of this date _____, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the County Supervisor or District Director.

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

THIS AGREEMENT dated _____ between

Jane Lew Water Commission 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:

WHEREA

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 \$ 1,280,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 580,000.00 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 \$ 580,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 700,000.00 or 54.69% 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 54.69% 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 per centum 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).

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

[Revision 1, 04/17/1998]

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 \$ 700,000.00 which it will advance to Grantee to meet not to exceed 54.7% 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

Attest:

By: _____

(Title) _____

By: _____

Oscar Mills

(Title) **Chairman**

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: _____

(Title)

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Jane Lew Water Commission 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
Waterline Extension to Jesse Run, Berlin Rd., Sycamore Lick, & Paint Tank

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Jane Lew Water Commission 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

FIVE HUNDRED EIGHTY THOUSAND AND XX / 100 DOLLARSpursuant 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.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the Jane Lew Water Commission Public Service District hereby certify that the Board of Directors of such Association is composed of _____ members, of whom _____ constituting a quorum, were present at a meeting thereof duly called and held on the _____ day of _____; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of _____ 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 _____ day of _____

 Title _____

EQUAL OPPORTUNITY AGREEMENT

This agreement, dated _____

between

Jane Lew Water Commission Public Service District

(herein called "Recipient" whether one or more) and the United States Department of Agriculture (USDA), pursuant to the rules and regulations of the Secretary of Labor (herein called the "Secretary") issued under the authority of Executive Order 11246, as amended, witnesseth:

In consideration of financial assistance (whether by a loan, grant, loan guaranty, or other form of financial assistance) made or to be made by the USDA to Recipient, Recipient hereby agrees, if the cash cost of construction work performed by Recipient or a construction contract financed with such financial assistance exceeds \$10,000--unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965.

1. To incorporate or cause to be incorporated into any contract for construction work, or modification thereof, subject to the relevant rules, regulations, and orders of the Secretary or of any prior authority that remain in effect, which is paid for in whole or in part with the aid of such financial assistance, the following "Equal Opportunity Clause":

During the performance of the contract, the contractor agrees as follows:

- (a) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited, to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the USDA setting forth the provisions of this nondiscrimination clause.
- (b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the USDA, advising the said labor union or workers' representative of the contractor's commitments under this agreement as required pursuant to section 202(3)- of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (d) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and all rules, regulations and relevant orders of the Secretary of Labor.
- (e) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, rules, regulations, and orders, or pursuant thereto, and will permit access to his books, records, and accounts by the USDA Civil Rights Office of Director, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government Contracts of Federally Assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965. and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor or as provided by Law.
- (g) The contractor will include the provisions of paragraph 1 and paragraph (a) through (g) in every subcontract or purchase order, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each such subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the USDA may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the USDA, the contractor may request the United States to enter into such litigation to protect the interest of the United States.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0018. The time required to complete this information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

2. To be bound by the provisions of the Equal Opportunity Clause in construction work performed by Recipient and paid for in whole or in part with the aid of such financial assistance.

3. To notify all prospective contractors to file the required 'Compliance Statement', Form RD 400-6, with their bids.

4. Form AD-425, Instructions to Contractors, will accompany the notice of award of the contract. Bid conditions for all nonexempt Federal and Federally assisted construction contracts require inclusion of the appropriate "Hometown" or "Imposed" plan affirmative action and equal employment opportunity requirements. All bidders must comply with the bid conditions contained in the invitation to be considered responsible bidders and hence eligible for the award.

5. To assist and cooperate actively with USDA and the Secretary in obtaining the compliance of contractors and subcontractors with the provisions of the Equal Opportunity Clause and the said rules, regulations, and orders, to obtain and furnish to USDA and the Secretary, Form AD-560, Certification of Nonsegregated Facilities, to submit the Monthly Employment Utilization Report, Form CC-257, as required and such other information as they may require the supervision of such compliance, and to otherwise assist USDA in the discharge of its primary responsibility for securing compliance.

6. To refrain from entering into any contract, or extension or other modification of a contract, subject to such Executive Order with a contractor debarred from government contracts or federally assisted construction contracts pursuant to Part II, Subpart D, of such Executive Order or to prior authority; and to carry out such sanctions and penalties for violation of the provisions of the Equal Opportunity Clause as may be imposed upon contractors and subcontractors by USDA or the Secretary pursuant to such Subpart D.

7. That if Recipient fails or refuses to comply with these undertakings, USDA may take any and all of the following actions: (a) cancel, terminate, or suspend said financial assistance in whole or in part; (b) refrain from extending any further assistance under the program involved until satisfactory assurance of future compliance has been received from Recipient; and (c) refer the case to the Office of Federal Contract Compliance Program, U.S. Department of Labor.

Signed by the Recipient on the date first written above.

(CORPORATE SEAL)

Attest: _____

Jane Lew Water Commission Public Service District

Name of Corporate Recipient

By _____

Oscar Mills, Chairman

ASSURANCE AGREEMENT

The Jane Lew Water Commission Public Service District
(name of recipient)
P.O. Box 845 Jane Lew WV 26378
(address)

("Recipient" herein) hereby assures the U. S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. seq.), 7 CFR Part 15, and Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, or the Farm Service Agency, (hereafter known as the "Agency") regulations promulgated thereunder, 7 C.F.R. §1901.202. In accordance with that Act and the regulations referred to above, Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. § 14.2) no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transferee's assumption thereof.
2. Recipient shall:
 - (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.
 - (b) Permit access by authorized employees of the Agency or the U.S. Department of Agriculture during normal business hours to such books, records, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.
 - (c) Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Agency or the U.S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligations of this agreement shall continue:
 - (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, so long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services or benefits, or for as long as the Recipient retains ownership or possession of the property, whichever is longer.
 - (b) As to any personal property acquired, or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.
 - (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation of this agreement the Government may at its option:
 - (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.
 - (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, Jane Lew Water Commission Public Service District on this
(name of recipient)

date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

(S E A L)

Jane Lew Water Commission Public Service District
Recipient

Date

Oscar Mills
Chairman

Title

Attest _____
Title

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Jane Lew Water Commission Public Service District

Organization Name

PR/Award Number or Project Name

Oscar Mills, Chairman

Name and Title of Authorized representative

Signature

Date

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this form, the prospective primary participant is providing the certification set out on the reverse side in accordance with these instructions.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out on this form. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this form that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

U.S. DEPARTMENT OF AGRICULTURE

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS (GRANTS) ALTERNATIVE I - FOR GRANTEEES OTHER THAN INDIVIDUALS

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), 7 CFR Part 3017, Subpart F, Section 3017.600, Purpose. The regulations were published as Part II of the January 31, 1989 Federal Register (pages 4947-4952). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

Alternative I

(A) The grantee certifies that it will provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing a drug-free awareness program to inform employees about --
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
 - (1) Abide by the terms of the statement; and

(2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;

(e) Notifying the agency within ten days after receiving notice under subparagraph (d) (2) from an employee or otherwise receiving actual notice of such conviction;

(f) Taking one of the following actions, within 30 days of receiving notice under subparagraph (d) (2), with respect to any employee who is so convicted --

(1) Taking appropriate personnel action against such an employee, up to and including termination; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grantee shall insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (Street address, city, county, State, zip code)

Jane Lew Water Commission Public Service District

Organization Name

PR/Award Number or Project Name

Oscar Mills, Chairman

Name and Title of Authorized Representative

Signature

Date

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this form, the grantee is providing the certification set out on pages 1 and 2.
2. The certification set out on pages 1 and 2 is a material representation of fact upon which reliance was placed when the agency determined to award the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR CONSUMER OR COMMERCIAL DEBTS

The Federal Government is authorized to check credit information about the applicant(s) including using the federal Credit Alert Interactive Voice Response System (CAIVRS) or its successors to check to see if the applicant(s) are delinquent or in default on a Federal debt.

The Federal Government is also authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your name and account information to a credit reporting agency, and the Credit Alert Interactive Voice Response System (CAIVRS).
- Assess interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts to be paid to you from your Federal income tax refund.
- Offset amounts to be paid to you under other Federal Programs.
- Refer your account to a private collection agency to collect the amount due.
- Foreclosure on any security you have given for the loan.
- Pursue legal action to collect through the courts.
- Report any written off debt to the Internal Revenue Service as taxable income.
- If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits.
- Debar or suspend you from doing business with the Federal Government either as a participant or principal throughout the executive branch of the Federal Government for the period of debarment or suspension.
- Refer any debt that is delinquent to the Treasury Offset Program (TOP) in accordance with the Debt Collection Improvement Act of 1996.
- Refer any debt that is 180 days delinquent to the Treasury for cross servicing in accordance with the Debt Collection Improvement Act of 1996
- Garnish your wages as allowed by the Debt Collection Improvement Act of 1996.

Any or all of these actions may be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

CERTIFICATION: I/we have read and I/we understand the actions the Federal Government may take in the event that I/we fail to meet my/our scheduled payments in accordance with the terms and conditions of my/our agreement. I/we understand that the above list is not a inclusive and that the Federal Government may deem additional actions necessary to collect should I/we become delinquent

(Signature - Individual(s))

(Date)

(Signature - Individual(s))

(Date)

(SEAL)

Date

Jane Lew Water Commission PSD

(Name of Applicant)

(Signature of Authorized Entity Official)

Oscar Mills
Chairman

(Title of Authorized Entity Official)

ATTEST:

(Signature of Attesting Official)

(Title of Attesting Official)

P.O. Box 845

(Address)

Jane Lew WV 26378

(City, State, and Zip Code)

CERTIFICATION FOR CONTRACTS, GRANTS AND LOAN

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant or loan.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or loan, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including contracts, subcontractors, and subgrants under grants and loans) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Jane Lew Water Commission Public Service District

by: _____
Oscar Mills, Chairman

Date

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

LETTER OF INTENT TO MEET CONDITIONS

Date _____

TO: Rural Development
United States Department of Agriculture
1200 Harrison Avenue, Suite 150
Elkins WV 26241

(Office Address)

We have reviewed and understand the conditions set forth in your letter dated _____

It is our intent to meet all of them not later than _____

We are also requesting that we be given the interest rate in effect at the time of loan approval or at the time of loan closing, whichever is lower. In other words, we want the lowest interest rate possible.

Jane Lew Water Commission Public Service District
(Name of Association)

BY _____
Oscar Mills
Chairman

C

ELIGIBILITY REVIEW

Applicant: Jane Lew Water Commission Public Service District

Date: **6/9/2003**

Initials: _____

1. The applicant is an eligible Public Body organized to provide water or sewer service for the area.
2. The proposed facility will serve only truly rural areas.
3. The applicant has the legal authority necessary for the proposed project.
4. Credit Elsewhere: The applicant has tried unsuccessfully to obtain financing for the proposed project at several different local banks.

It appears the applicant meets all eligibility requirements and I recommend we proceed with an application.

C
P.O. Box 845
Jane Lew WV 26378

RURAL DEVELOPMENT, USDA
1200 Harrison Avenue. Suite 150
Elkins WV 26241

Dear Sir:

This is to certify that the **Jane Lew Water Commission Public Service District** is in compliance with Federal, State, and Local requirements include the following:

- a. Compliance with special laws and regulations.
- b. Compliance with State Pollution Control or Environmental Protection Agency standards.
- c. Consistency with other development plans of the area.
- d. Compliance with State agency regulating water rights.
- e. Compliance with Civil Rights Act of 1964.
- f. Compliance with Title IX of the Education Amendments of 1972.
- g. Compliance with Section 504 of the Rehabilitation Act of 1973.
- h. Compliance with Age Discrimination Act of 1975.
- i. Compliance with A-133 audit requirements.

BY: _____

Oscar Mills, Chairman

C

**INTERVIEW WITH APPLICANT CONCERNING RELATIVES
EMPLOYED BY USDA
(COMPLIANCE WITH 1900-D INSTRUCTION)**

PREAPPLICANT/APPLICANT Jane Lew Water Commission Public Service District

I hereby certify I have interviewed the Preapplicant/applicant in accordance with 1900-D and 1942-A, para. 1942.1 instructions. The Preapplicant/applicant has been asked if they have any known relatives or close associates that are currently USDA - Rural Development employees. Immediate Family, Other Relatives or close associates who are USDA - Rural Development employees, if any, are listed below:

CERTIFIED THIS _____ DAY OF _____, _____

(Signature)

(Title)

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

THIS AGREEMENT dated December 16, 2004 between
Jane Lew Water Commission 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:

WHEREA

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 \$ 1,280,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 580,000.00 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 \$ 580,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 700,000.00 or 54.69% 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 54.69% 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).

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

[Revision 1, 04/17/1998]

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

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

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

- (c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
- (d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
- (e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

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

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 \$ 700,000.00 which it will advance to Grantee to meet not to exceed 54.7% 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: *Clara B. Hawn*

(Title) *Secretary of Board*

By: *Oscar R. Mills*
Oscar Mills

(Title) *Chairman*

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: *Josh D. Cuj* *Rural Development Specialist*
(Title)

JANE LEW PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative, of Progressive Bank, Weston, West Virginia (the "Bank"), hereby certify that on 16th day of December, 2004, the Bank received an automated transfer in the amount of \$109,500 to the credit of the Project Construction Account, Account Number 0646865 for the Series 2004 A Bonds.

WITNESS my signature on this 16th day of December, 2004.

PROGRESSIVE BANK

By: Jacquie J. White
Its: Authorized Officer

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