

LITTLE CREEK PUBLIC SERVICE DISTRICT

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

BOND TRANSCRIPT

Closing Date: July 21, 2016

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. USDA Letter of Conditions, with all Amendments
3. Public Service Commission Orders
4. Receipt for Bonds
5. Specimen Bonds
6. Registration Book
7. Municipal Bond Commission New Issue Report

OPINIONS OF COUNSEL

8. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel
9. Opinion of Counsel to Issuer

CERTIFICATES

10. Combined Certificate of Issuer and Attorney
11. Certificate of Certified Public Accountant
12. Certificate of Engineer

LITTLE CREEK PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01	Authority for this Resolution
Section 1.02	Findings and Determinations
Section 1.03	Bond Legislation Constitutes Contract
Section 1.04	Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Payment of Acquisition and Construction of the Project
--------------	---

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BONDS

Section 3.01	Authorization of Bonds
Section 3.02	Description of Bonds
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds
Section 3.04	Bond Registrar
Section 3.05	Execution of Bonds
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds Secured by Pledge of Net Revenues
Section 3.08	Form of Bonds
	FORM OF BOND

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

Section 4.01	Establishment of Funds and Accounts with Depository Bank
Section 4.02	Bond Proceeds; Project Construction Account
Section 4.03	Covenants of the Issuer as to System Revenues and Funds

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement
Section 5.02	Rates
Section 5.03	Sale of the System
Section 5.04	Issuance of Additional Parity Bonds or Obligations
Section 5.05	Insurance and Bonds
Section 5.06	Statutory Mortgage Lien
Section 5.07	Events of Default
Section 5.08	Enforcement
Section 5.09	Fiscal Year; Budget
Section 5.10	Compensation of Members of Governing Body
Section 5.11	Covenant to Proceed and Complete
Section 5.12	Books and Records; Audits
Section 5.13	Maintenance of System
Section 5.14	No Competition

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules
--------------	--

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bonds
Section 7.02	Modification or Amendment
Section 7.03	Delivery of Bonds
Section 7.04	Severability of Invalid Provisions
Section 7.05	Conflicting Provisions Repealed
Section 7.06	Table of Contents and Headings
Section 7.07	Covenant of Due Procedure, Etc.
Section 7.08	Effective Time
	SIGNATURES
	CERTIFICATION

LITTLE CREEK PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF LITTLE CREEK PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,730,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2016 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF LITTLE CREEK 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. Little Creek Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Marion County of said State, duly created pursuant to the Act by The County Commission of Marion 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 improvements to its water distribution system in Clinton District, Monongalia County, and Winfield District, Marion County (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The 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 \$1,730,000 which will be obtained from the proceeds of sale of the Series 2016 A Bonds.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), in the aggregate principal amount of \$1,730,000 (the "Series 2016 A Bonds"), to finance the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2016 A Bonds; 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 bonds or obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge and source of and security for payment.

H. It is in the best interest of the Issuer that the Series 2016 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated February 21, 2012, 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 2016 A Bonds, or will have so complied prior to issuance of the Series 2016 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

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

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

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

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

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

“Bonds” means the Series 2016 A Bonds.

“Chairman” means the Chairman of the Governing Body.

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

“Consulting Engineer” means George E. Pigott & Associates, Inc., White Hall, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

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

“FDIC” means the Federal Deposit Insurance Corporation.

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

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

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

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

“Issuer,” “Borrower” or “District” means Little Creek Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Marion County, West Virginia, and includes the Governing Body.

“Letter of Conditions” means, collectively, the Letter of Conditions of the Purchaser dated February 21, 2012 and all amendments thereto, if any.

“Minimum Reserve” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2016 A Bonds in the then current or any succeeding year.

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

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

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

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

"Series 2016 A Bonds Reserve Account" means the Series 2016 A Bonds Reserve Account created by Section 4.01 hereof.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers

specifically to the supplemental resolution authorizing the sale of the Series 2016 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2016 A Bonds, and not so included may be included in another Supplemental Resolution.

“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 \$1,730,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body.

The estimated maximum cost of the acquisition and construction of the Project is \$1,730,000 which will be obtained from the proceeds of sale of the Series 2016 A Bonds herein authorized.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2016 A Bonds of the Issuer, to be known as “Water Revenue Bonds, Series 2016 A (United States Department of Agriculture)”, are hereby authorized to be issued in the aggregate principal amount of \$1,730,000 for the purpose of financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2016 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2016 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 2.75% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$6,125, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond.

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

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

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

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

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

The Bond Registrar shall accept the Series 2016 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the

federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2016 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2016 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2016 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2016 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2016 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

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

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

(FORM OF BOND)

UNITED STATES OF AMERICA
LITTLE CREEK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. AR-1

Date: _____

FOR VALUE RECEIVED, LITTLE CREEK PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of ____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only are payable on the principal amount outstanding on _____, 20__ and _____, 20__ (the first 24 months after the date hereof). Monthly payments of \$ _____ covering principal and interest shall commence _____, 20__ and continue on the ____ day of each month, to and including _____, 20__ (40 years from the date of this Bond). 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 _____, 2016, 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 BONDS OR OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2016 A BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, LITTLE CREEK 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.

LITTLE CREEK PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

ATTEST:

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, 20__.

In the presence of:

ARTICLE IV

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

Section 4.01.

A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2016 A Bonds 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 2016 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2016 A Bonds shall be deposited upon receipt by the Issuer in the Series 2016 A Bonds Project Construction Account. The monies in the Series 2016 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2016 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2016 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2016 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2016 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the 2016 A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2016 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

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

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

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

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

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

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

(4) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Commission the amount beginning on the date specified by the purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2016 A Bonds Reserve Account equals the Series 2016 A Bonds Reserve

Requirement; provided, that no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement.

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

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

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

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2016 A Bonds and the interest thereon.

The Series 2016 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2016 A Bonds and the interest thereon.

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

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

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2016 A Bonds, provide evidence of bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

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

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2016 A Bonds and 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 2016 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.

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

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

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2016 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2016 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

Issuer during construction of the Project in the full insurable value thereof.

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

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

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

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2016 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for

the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

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

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2016 A Bonds at the date specified for payment thereof; 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 2016 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 2016 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

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

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Interim Recommended Decision of the Public Service Commission of West Virginia dated March 23, 2015 which became a Final Order on April 12, 2015, in Case No. 14-1969-PWD-CN, and are incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2016 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2016 A Bonds, the pledge of Net Revenues and other monies and securities

pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2016 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

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

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

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

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

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided, that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

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

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

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

Adopted this 19th day of July, 2016.

LITTLE CREEK PUBLIC SERVICE DISTRICT

By: Harry D. Smiler
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of LITTLE CREEK PUBLIC SERVICE DISTRICT on the 19th day of July, 2016.

Dated: July 21, 2016.

[SEAL]


Secretary

530120.00001



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

February 21, 2012

Harry Swisher, President
Little Creek Public Service District
P.O. Box 1006
Fairmont, WV 26555

Dear Mr. Swisher:

This letter, with Attachments 1 through 8 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered 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 RD loan in the amount of \$1,730,000 for a total project cost of \$1,730,000.

The funding 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 on the loan will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

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

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

1550 Earl Core Road, Suite 101, Morgantown, WV 26505
304.284.4880 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

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

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist
- Attachment No. 3 – RUS-WV Supplemental General Conditions (2006 Version) (Engineer Copy)
- Attachment No. 4 – Form RD 1927-9, “Preliminary Title Opinion” (Attorney Copy)
- Attachment No. 5 – Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” (Attorney Copy)
- Attachment No. 6 – Form RD 1927-10, “Final Title Opinion” (Attorney Copy)
- Attachment No. 7 – Sample Credit Agreement (Applicant Copy)
- Attachment No. 8 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RD project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
2. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 3.75% interest rate and a monthly amortization factor of .00412, which provides for a monthly payment of \$7,128. You are required to participate in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as a part of this financing, you move any existing debt service reserve accounts to the Municipal Bond commission as well. Your bond counsel will be able to assist you with this.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD

if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

3. Security – The loan must be secured by a statutory lien of shared first priority with the Public Service District's existing water revenue bonds, a pledge of the system's revenues and other agreements between you and RD as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.
4. Users – This conditional commitment is based upon you providing evidence that there will be at least 841 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the Public Service District's existing water system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

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

5. 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.
6. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. E-500, "Agreement between Owner and Engineer for Professional Services" (2008 Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RD. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (August 2009 Version)," contains a complete listing of the required engineering documents and must be used by your engineer in the preparation of the engineering agreement.
7. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.

8. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
- a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to loan closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

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

RD regulations (RUS Instruction 1780) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the Public Service District. "Government Auditing Standards" (Revised July 2007), which may be accessed at www.gao.gov/govaud/ybk01.htm, and RUS Bulletins 1780-30 and 1780-31, which may be accessed at our agency website listed on page 2 of this letter, outline audit requirements.

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

9. 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 Public Service District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

- c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
 - e. On the day of loan closing, the Public Service District's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the Public Service District has already acquired real property(s) (land or facilities), the Public Service District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
10. 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

11. 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.

12. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

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

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

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

13. Environmental Requirements –

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

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

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such

an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

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

You will also be required to provide a certification that the VA and ERP is complete and is current every three years after the start of operations. RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

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

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

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

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

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from

participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

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

16. Contract Documents, Final Plans and Specifications – RUS Bulletin 1780-26, Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (August 2009 Version),” contains a complete listing of the required contract documents and must be used by your engineer in the preparation of the contract documents.
 - a. The contract documents should include the following (the EJCDC documents are issued under copyright and cannot be provided by RD):
 - (1) RUS Bulletin 1780-26, Attachment E, “Advertisement for Bids”
 - (2) RUS Bulletin 1780-26, Attachment F, “Instructions to Bidders”
 - (3) RUS Bulletin 1780-26, Attachment G, “Bid Form”
 - (4) EJCDC Document No. C-430 (2007), “Bid Bond”
 - (5) EJCDC Document No. C-510 (2007), “Notice of Award”
 - (6) EJCDC Document No. C-520 (2007), “Suggested Form of Agreement between Owner and Contractor for Construction Contract (Stipulated Price)”
 - (7) EJCDC Document No. C-550 (2007), “Notice to Proceed”
 - (8) EJCDC Document No. C-610 (2007), “Construction Performance Bond”
 - (9) EJCDC Document No. C-615 (2007), “Construction Payment Bond”
 - (10) EJCDC Document No. 620 (2007), “Contractor’s Application for Payment”
 - (11) EJCDC Document No. 625 (2007), Certificate of Substantial Completion”
 - (12) EJCDC Document No. C-700 (2007), “Standard General

Conditions of the Construction Contract”

- (13) RUS Bulletin 1780-26, Attachment H, “Supplementary Conditions”
- (14) EJCDC Document No. C-941 (2007), “Change Order”
- (15) “RUS – WV Supplemental General Conditions (2006 Version)”

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 Public Service District and its engineer. EJCDC Document C-700, “Standard General Conditions of the Construction Contract,” (2007 Edition) and Attachment H to RUS Bulletin 1780-26, “Supplementary Conditions” both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder’s Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers’ Compensation – In accordance with applicable State laws.

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

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

17. 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.

18. Interim Financing – Interim financing will be used for the RD loan if it is available at reasonable rates and terms. You must provide RD with a copy of the tentative agreement reached in connection with interim financing. A copy of

the proposed agreement should be provided for RD review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.7).

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

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

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

20. Water Purchase Contract – You propose to purchase treated water from The City of Fairmont; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RD.

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

Form RD 1940-1 – “Request for Obligation of Funds”
 RUS Bulletin 1780-27 – “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 RD 1910-11 – “Applicant Certification, Federal Collection Policies”
 RD Instruction 1940-Q, Exhibit A-1, “Certification for Contracts, Grants and Loans”
 Standard Form LLL – “Disclosure of Lobbying Activities” (If Applicable)
 Certification of Compliance
 Form RD 1942-46, “Letter of Intent to Meet Conditions”

22. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA – Rural

Development State Office with a request for loan closing instructions to be issued.

23. Upon receipt of the loan docket, which contains all the items required above, RD may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RD with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RD project funds will be considered to be RD loan funds and would be applied as an extra payment toward the loan balance.

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

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

Sincerely yours,



BOBBY LEWIS
State Director

Enclosures

cc: Rural Development Specialist
7009 Mt. Park Blvd.
White Hall, WV

Bennett & Dobbins, PLLC
317 Cleveland Avenue
Fairmont, WV 26554

Steptoe & Johnson, PLLC
400 White Oaks Blvd.
Bridgeport WV 26330

Tharp, Liotta & Yokum, PLLC
701 Watson Building
Fairmont, WV 26554

George E. Pigott & Assoc., Inc.
1 Viking Road
White Hall, WV 26554

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 1,203,350	\$ 1,203,350
CONST. CONTINGENCY	\$ 85,000	\$ 85,000
LAND & RIGHTS	\$ 30,000	\$ 30,000
LEGAL FEES	\$ 20,000	\$ 20,000
BOND COUNSEL	\$ 20,000	\$ 20,000
ACCOUNTING	\$ 23,000	\$ 23,000
ENGINEERING FEES	\$ 186,050	\$ 186,050
Basic - \$96,630		
Insp. - \$79,420		
Special - \$10,000		
INTEREST	\$ 120,750	\$ 120,750
PERMIT FEES	\$ 5,000	\$ 5,000
PROJECT CONTG.	\$ 36,850	\$ 36,850
TOTAL	\$ 1,730,000	\$ 1,730,000

Proposed Tariff

Applicability

Applicable withing the entire territory served.

Availability

Available for general domestic, commercial, and industrial service.

Rates (Customers with metered water supply):

First	3,000	gallons @	\$8.74	per M gallons
Next	3,000	gallons @	\$7.28	per M gallons
Next	4,000	gallons @	\$6.73	per M gallons
All Over	10,000	gallons @	\$6.08	per M gallons

Minimum Charge

No bill will be rendered for less than the following amounts according to meter size installed plus the applicable surcharge

5/8 inch meter	\$	26.22	per month
3/4 inch meter	\$	39.33	per month
1 inch meter	\$	65.55	per month
1 1/4 inch meter	\$	95.70	per month
1 1/2 inch meter	\$	131.10	per month
2 inch meter	\$	209.76	per month

3 inch meter	\$	419.52	per month
4 inch meter	\$	655.50	per month
6 inch meter	\$	1,311.00	per month

Sales for Resale

All water for resale to the City of Fairmont will be billed in accordance with the approved rate of \$5.54 per 1,000 gallons

Delayed Payment Penalty

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

Returned Check Charge

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

Reconnection Charge

\$20.00

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

Tap Fee

The following charge is to be made whenever the utility installs and new tap to serve an applicant:

A tap fee of \$250.00 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.

Leak Adjustment Increment

\$3.36 per 1,000 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 consumption above the customer's historical average usage.

Fire Hydrants

Annual service charge per hydrant - \$25.00

Security Deposit

A deposit of \$50.00 or 2/12ths of the average annual usage of the applicants specific customer class, whichever is greater

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

**LITTLE CREEK PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS**

OPERATING INCOME

Metered Sales	\$ 399,494
Sale for Resale	\$ 24,912
Penalties	\$ 9,488
Miscellaneous Service Revenues	\$ 4,056
Annual Tap Fees	
TOTAL OPERATING INCOME	<u>\$ 437,950</u>

NON OPERATING INCOME

Interest income	\$ 90
TOTAL NON OPERATING INCOME	<u>\$ -</u>

TOTAL INCOME

\$ 438,040

EXPENSES

O & M	\$ 309,174
Taxes	\$ 4,161
TOTAL EXPENSES	<u>\$ 313,335</u>

INCOME AVAILABLE FOR D/S (A)

\$ 124,705

DEBT SERVICE

Existing Bond P&I 1999 Huntington	\$ 18,000
Proposed Bond P & I	\$ 85,536
TOTAL DEBT SERVICE (B)	<u>\$ 103,536</u>

DEBT SERVICE RESERVE

Debt Service Reserve	\$ 8,554
Depreciation Reserve (2.5% metered sales)	\$ 10,847
TOTAL RESERVE	<u>\$ 19,401</u>

SURPLUS (DEFICIT)

\$ 1,768

DEBT COVERAGE (A/B)

1.20

Attachment No. 2 to Letter of Conditions
 For: Little Creek Public Service District
 Date: 02-21-12

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

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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Agreement	with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5
(NPA's Only)	Organizational Documents	1	1780.33(e)	Applicant/ Attorney		N/A	5
	Site Visit		S.I. 1780-2	RUS		Done	3
	Processing Conference	1	1780.39(a)	RUS			3
	Environmental Report	2	1794	Applicant		Have	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		Have	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		Have	8
	Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS		Have	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	2	1780.41(a)	RUS		Have	1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS		Have	3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant			2
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
	UCC Financing Statements	2	1780.14	RUS		N/A	5
	Loan Agreement	2	1780.14	RUS			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
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		Have	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS			5
	Evidence of Users:						
	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		Have	3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	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
	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		1780.44				

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	R/Ways		(g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/Attorney			3
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
	Evidence of Applicant Contribution	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/Financial Institution			2
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
(Existing borrowers)	Certifications on VA and ERP	1		Applicant			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON



Entered: March 23, 2015

CASE NO. 14-1969-PWD-CN

LITTLE CREEK PUBLIC SERVICE DISTRICT,
a public utility, Fairmont, Marion County.

Application for a certificate of convenience and necessity to
construct improvements to its water distribution system in
Clinton District, Monongalia County, and Winfield District,
Marion County.

RECOMMENDED DECISION

This Order grants an application for a certificate of public convenience and necessity
without hearing.

PROCEDURE

On December 9, 2014, Little Creek Public Service District (Little Creek) filed an
application for a Certificate to construct improvements to its water distribution system in Clinton
District, Monongalia County, and Winfield District, Marion County.

On December 12, 2014, the Commission entered an Order requiring Little Creek to give
notice of the filing of its application to all its customers.

On January 5, 2015, Little Creek filed proof of publication as required by the Commission.

On January 7, 2015, Commission Staff filed an Initial Joint Staff Memorandum requiring
additional information and recommending that the matter be referred to the Administrative Law
Judges (ALJ) Division for appropriate disposition. Staff also noted that Little Creek's Notice of
Filing reflects proposed rates and charges for the project that will produce approximately
\$101,365 annually in additional revenue, an increase of 26.5% which equates to a 24.6% rate
increase over Little Creek's current water rates. Further, Staff indicated that the total construction
cost for the project will be \$1,576,735 and financed by a USDA Rural Development Loan in the
amount of \$1,730,000.

On January 23, 2015, Richard Windon wrote a letter challenging the expense related to a meter hook-up at his residence.

On January 27, 2015, the Commission referred the matter to the ALJ Division for a recommended decision on or before May 26, 2015.

On January 30, 2015, Little Creek filed its response to Staff's first set of interrogatories. In its response, Little Creek indicated it complied with Rule 10.3.c.3. of the Commission's Rules of Practice and Procedure 150 C.S.R. Series 1 (Procedural Rules) concerning notice to its customers of its application for rate increase.

On February 11, 2015, Ms. Peggy Petrich, a Little Creek customer, filed a letter requesting a public hearing on Little Creek's application.

On February 18, 2015, Mr. Kenneth Kinkaid filed a letter alleging he was being bullied by both a Mr. and Mrs. Richard Malone to get him to sign a right-of-way agreement.

On March 4, 2015, Mr. Tim Shuttlesworth filed a letter of protest arguing that Little Creek's application for a rate increase is unreasonable and requested a public hearing.

On March 9, 2015, Staff filed a Final Joint Staff Memorandum stating that the project is being undertaken to provide adequate and reliable water distribution system for the Halleck Road and Toms Run areas and implement a consent decree of Monongalia County Circuit Court Civil Action 94-C-154, West Virginia Department of Health and Human Services v. Little Creek Public Service District. Customers in the project area have experienced water outages because of inadequate storage capacity and undersized lines. Staff concluded that the entire distribution system will benefit from the proposed upgrades which will include approximately 2,320 feet of 8-inch, 11,230 feet of 6-inch, and 795 feet of 4-inch water line; one new 132,000 water storage tank and one new 91,000 gallon water storage tank and removal of one existing 14,000 underground water storage tank and removal of one existing 17,000 water storage tank; relocation of an existing pump station; SCADA control equipment for three booster stations, two existing tanks, and two proposed water tanks and fencing for all four tanks. Staff indicated that the total estimated project cost is \$1,730,000, or a cost per customer of \$2,043 for 847 existing customers. Staff also confirmed the project will be financed by a USDA Rural Development Loan in the amount of \$1,730,000, with an interest rate of 3.75% for a term of 40 years requiring an annual payment of \$85,536.

In conclusion, Staff recommended waiving a public hearing, granting Little Creek's certificate application and granting an overall annual increase in revenues of \$99,651 or 26.07% over current rate to support the project. The revised rates will give Little Creek a surplus of \$12,276, debt coverage of 124.35% and satisfy the necessary 110% debt service coverage requirement for the Rural Utilities Service debt.

DISCUSSION

As noted above, Staff recommended that a public hearing be waived and the certificate be granted. In its Final Memorandum, Staff argued that substantial protests to the application weren't received by the Commission. W. Va. Code §24-2-11(b) provides, in part, that:

Upon the filing of any application for the certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, the certificate of convenience and necessity: Provided, that the Commission, after it gives proper notice and *if no substantial protest is received within thirty days after the notice is given, may waive formal hearing on the application.* (Emphasis added).

A review of the file shows that Little Creek serves approximately 884 customers in both Monongalia and Marion Counties. After publishing notice of its application, only three letters of protests were filed with the Commission. Prior to 2009, such protests would have automatically triggered a public hearing. However, in order to bring projects such as Little Creek's online as soon as possible, West Virginia Code §24-2-11 was amended by the legislature in 2009 to provide that such hearings are no longer automatically triggered on the filing of a protest. Today, because of the 2009 statutory amendment, the Commission may waive a public hearing if a proposed project does not receive substantial protest. Noting that less than one percent of Little Creek's customers filed letters of protest, and that only two of the three protesters requested a public hearing. Balancing those requests against the public's need in having the project undertaken as soon as possible to alleviate a situation that prompted by a consent decree from the Monongalia Circuit Court leaves no doubt that the public need in having the project certificated outweighs the interest of the protesters.¹ Accordingly, Staff's recommendation that a public hearing be waived is appropriate.

Little Creek's application and Staff's final recommendations, clearly show that the improvements to Little Creek's water distribution system in Clinton District, Monongalia County, and Winfield District, Marion County, are needed, and are being undertaken in order to provide adequate and reliable water distribution system for the Halleck Road and Toms Run area, per a consent decree from the Monongalia Circuit Court in Civil Case No. 94-C-154, WV Department of Health and Human Resources v. Little Creek Public Service District. Therefore, Little Creek's application is warranted and should be granted pursuant to W. Va. Code § 24-2-11.

Finally, a review of the pertinent documents filed in this matter shows that Little Creek has obtained financing for the project via a USDA Rural Development Loan in the amount of \$1,730,000, with an interest rate of 3.75% for a term of 40 years requiring an annual payment of \$85,536. According to Staff, Little Creek's proposed project will result in an overall annual increase in revenues of \$99,651 or 26.07% over current rate, will give the District a surplus of

¹ This should not be taken to mean that three letters of protest will always be outweighed by the public interest. Every case will be considered according to its specific set of facts.

\$12,276 with debt coverage of 124.35%. The rate Staff proposed satisfies the necessary 110% debt service coverage requirement for the Rural Utilities Service debt. An analysis of the rates submitted by Staff in Staff's Exhibit #6 shows the rates will provide sufficient, but not more than sufficient, revenue to cover Little Creek's O & M expenses and debt service requirements. As a result, the Staff's recommended rates should be approved in lieu of the rates Little Creek requested. Accordingly, it is appropriate to grant Little Creek's application for a Certificate and approve the Staff's recommended rates as reasonable and just upon substantial completion of the project.

FINDINGS OF FACT

1. Little Creek filed an application for a Certificate to construct improvements to its water distribution system in Clinton District, Monongalia County, and Winfield District, Marion County. (Application filed December 9, 2014).
2. Little Creek complied with Procedural Rule 10.3.c.3. concerning notice of its application for rate increase with its customers. Legal advertisements were placed in the Times West Virginian on December 29, 2014, and in the Dominion Post on December 29, 2014, pursuant to W. Va. Code § 24-2-11. Id.
3. The project will provide adequate and reliable water distribution system for the Halleck Road and Toms Run areas and implement a consent decree of the Monongalia County Circuit Court Civil Action 94-C-154, West Virginia Department of Health and Human Resources v. Little Creek Public Service District. (See, Staff's Final Joint Memorandum filed March 9, 2015).
4. Customers in the project area have experienced water outages due to inadequate storage capacity and undersized lines. (Final Joint Memorandum filed March 9, 2015).
5. The State Office of Environmental Health Services has issued Permit No. 19453 for the project, indicating that the agency approves of the proposed construction project. Id.
6. The entire distribution system will benefit from the proposed upgrades that will include approximately 2,320 feet of 8-inch, 11,230 feet of 6-inch, and 795 feet of 4-inch water line; one new 132,000 water storage tank and one new 91,000 gallon water storage tank; removal of one existing 14,000 underground water storage tank, and removal of one existing 17,000 water storage tank; relocation of an existing pump station; SCADA control equipment for three booster stations, two existing tanks, and two water tanks and fencing for all four tanks. (Id.)
7. Little Creek estimated that the total cost of the project will be \$1,730,000 and will be financed by a USDA Rural Development Loan in the amount of \$1,730,000, with an interest rate of 3.75% for a term of 40 years requiring an annual payment of \$85,536. (Id.)

8. Staff recommended that the Certificate application be approved along with an overall annual increase in revenues of \$99,651 or 26.07% over current rate to support the project. Little Creek will have a surplus of \$12,276, debt coverage of 124.35%; and satisfy the required 110% debt service coverage requirement for the RUS debt. (Id.)

9. Little Creek indicated that the requirements by the State Intergovernmental Review Process have been met per a letter from the West Virginia Development Office dated October 22, 2010. (Id.)

10. Operation and maintenance expenses are expected to increase by \$4,200, because of the project. Staff indicated that this is reasonable. (Id.)

11. Staff's review of the project plans and specifications did not reveal any conflicts with the Commission rules and regulations. (Id.)

12. Staff recommended that the project financing and the project be approved without hearing. (Id.)

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a Certificate to Little Creek to construct improvements to its water distribution system in Clinton District, Monongalia County, and Winfield District, Marion County. W. Va. Code § 24-2-11.

2. It is reasonable to approve the financing of the project consisting of a USDA Rural Development Loan in the amount of \$1,730,000, with an interest rate of 3.75% for a term of 40 years requiring an annual payment of \$85,536. Id.

3. It is reasonable to approve Little Creek's proposed rates and charges, as amended by Staff, and as are more particularly set forth in Appendix A, attached hereto, because these rates are reasonable, just, based primarily on the cost of providing service on substantial completion of the project.

4. It is reasonable and appropriate to grant Little Creek's application for a certificate without a public hearing because the project did not receive substantial protest. (Id.)

ORDER

IT IS, THEREFORE, ORDERED that the application for a Certificate filed on December 9, 2014, by Little Creek to construct improvements to its water distribution system in Clinton District, Monongalia County, and Winfield District, Marion County, be, and hereby is, granted as revised, without need for a formal hearing.

IT IS FURTHER ORDERED that the project financing, consisting of a USDA Rural Development Loan in the amount of \$1,730,000, with an interest rate of 3.75% for a term of 40 years requiring an annual payment of \$85,536 is approved.

IT IS FURTHER ORDERED that the proposed rates and charges, as revised by Staff and attached hereto as Appendix A, be, and hereby are, approved to become effective for all service rendered by Little Creek on and after the date that the project is certified as substantially complete.

IT IS FURTHER ORDERED that Little Creek file an original and at least five (5) copies of a revised tariff setting forth the rates and charges approved herein, within thirty (30) days from the date that the project is certified as complete.

IT IS FURTHER ORDERED that Little Creek submit a certificate of substantial completion for the project from its engineer, as soon as it becomes available.

IT IS FURTHER ORDERED that, if there are any changes in the plans, financing or scope of the project or if a change in project cost affects rates, Little Creek obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in project costs that do not affect rates, Little Creek file an affidavit executed by its certified public accountant verifying that the its rates and charges are not affected.

IT IS FURTHER ORDERED that, if this project requires use of Division of Highways' rights-of-way, Little Creek comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that Little Creek shall provide to the Commission a copy of an engineer's certified bid tabulation for all contracts awarded for this project, as soon as they are available, but no later than ten days after the bid opening date.

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

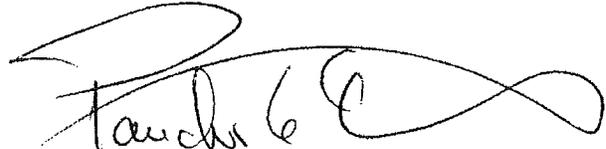
The Executive Secretary is ordered to serve a copy of this Order upon Staff by hand delivery, by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement.

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 the 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 fifteen (15) day time period, unless it is ordered stayed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission.

A handwritten signature in black ink, appearing to read "Pancho G. Morris", with a large, stylized flourish extending to the right.

Pancho G. Morris
Administrative Law Judge

PGM:s:bam
141969a.doc

LITTLE CREEK PUBLIC SERVICE DISTRICT
CASE NO. 14-1969-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

Available for general domestic, commercial and industrial service

RATES

First	3,000 gallons used per month	\$ 9.32 per 1,000 gallons
Next	3,000 gallons used per month	\$ 8.03 per 1,000 gallons
Next	4,000 gallons used per month	\$ 7.45 per 1,000 gallons
All Over	10,000 gallons used per month	\$ 6.77 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amounts per month according to meter size installed:

5/8 -inch meter	\$ 27.96 per month
3/4 -inch meter	\$ 41.94 per month
1 -inch meter	\$ 69.90 per month
1-1/4 -inch meter	\$ 102.05 per month
1-1/2 -inch meter	\$ 139.80 per month
2 -inch meter	\$ 223.68 per month
3 -inch meter	\$ 447.36 per month
4 -inch meter	\$ 699.00 per month
6 -inch meter	\$1,398.00 per month

SALE FOR RESALE

All water for resale to the City of Fairmont will be billed in accordance with the approved rate of \$6.20 per 1,000 gallons.

DELAYED PAYMENT PENALTY

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

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District up to 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.

RECONNECTION - \$20.00

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

TAP FEE

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

A tap fee of \$250.00 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.

LEAK ADJUSTMENT

\$4.12 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

FIRE HYDRANTS

Annual Service Charge per hydrant - \$25.00

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars (\$50.00), whichever is greater.

LITTLE CREEK PUBLIC SERVICE DISTRICT

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

RECEIPT FOR SERIES 2016 A BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies this 21st day of July, 2016, as follows:

1. On the 21st day of July, 2016, at White Hall, West Virginia, the undersigned received for the Purchaser the Little Creek Public Service District Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), No. AR-1 (the "Series 2016 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$1,730,000, dated the date hereof, bearing interest at the rate of 2.75% per annum, payable in monthly installments as stated in the Bond.

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

3. At the time of such receipt, there was paid to the Issuer the sum of \$163,026.92, being a portion of the principal amount of the Series 2016 A Bonds. The balance of the principal amount of the Series 2016 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

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

A handwritten signature in blue ink, appearing to read "John A. Collins", written over a horizontal line.

Authorized Representative

530120.00001

5759401

SPECIMEN

UNITED STATES OF AMERICA
LITTLE CREEK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,730,000

No. AR-1

Date: July 21, 2016

FOR VALUE RECEIVED, LITTLE CREEK PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION SEVEN HUNDRED THIRTY THOUSAND DOLLARS (\$1,730,000), plus interest on the unpaid principal balance at the rate of 2.75% per annum. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only are payable on the principal amount outstanding on July 21, 2017 and July 21, 2018 (the first 24 months after the date hereof). Monthly payments of \$6,125 covering principal and interest shall commence August 21, 2018 and continue on the 21st day of each month, to and including July 21, 2056 (40 years from the date of this Bond). 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 July 19, 2016, 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 BONDS OR OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2016 A BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

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

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IN WITNESS WHEREOF, LITTLE CREEK 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.

LITTLE CREEK PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

ATTEST:

Secretary, Public Service Board

SPECIMEN

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$163,026.92	July 21, 2016	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, 20__.

In the presence of:

LITTLE CREEK PUBLIC SERVICE DISTRICT

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

\$1,730,000

REGISTRATION BOOKS

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

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	July 21, 2016	United States Department of Agriculture	

WV MUNICIPAL BOND COMMISSION
 900 Pennsylvania Avenue
 Suite 1117
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 21-Jul-16

ISSUE: <u>Little Creek Public Service District</u> <u>Water Revenue Bonds, Series 2016 A (United States Department of Agriculture)</u>	
ADDRESS: <u>P.O. Box 1006, Fairmont, WV 26555</u>	COUNTY: <u>Marion</u>
PURPOSE OF ISSUE: New Money: <u> x </u> Refunding: <u> </u>	
REFUNDS ISSUE(S) DATED: <u> NA </u>	ISSUE DATE: <u> July 21, 2016 </u>
CLOSING DATE: <u> July 21, 2016 </u>	ISSUE AMOUNT: <u> \$1,730,000 </u>
RATE: <u> 2.75% </u>	1ST DEBT SERVICE DUE: <u> NA </u>
1ST PRINCIPAL DUE <u> NA </u>	1ST DEBT SERVICE AMOUNT <u> NA </u>
PAYING AGENT: <u> Issuer </u>	
BOND COUNSEL: Firm: <u> Steptoe & Johnson PLLC </u> Contact: <u> John Stump, Esquire </u> Phone: <u> (304) 353.8196 </u>	UNDERWRITERS COUNSEL: Firm: <u> </u> Contact: <u> </u> Phone: <u> </u>
CLOSING BANK: Bank: <u> WesBanco </u> Contact: <u> </u> Phone: <u> 304.232.0102 </u>	ESCROW TRUSTEE: Firm: <u> </u> Contact: <u> </u> Phone: <u> </u>
KNOWLEDGEABLE ISSUER CONTACT: Contact: <u> Wayne Badger </u> Position: <u> Manager </u> Phone: <u> 304.367.0717 </u>	OTHER: Agency: <u> United States Department of Agriculture </u> Contact: <u> Steve Collins </u> Position: <u> Rural Development Specialist </u> Phone: <u> 304.284.4885 </u>
DEPOSITS TO MBC AT CLOSE By: <u> </u> Wire <u> </u> Accrued Interest: \$ <u> </u> <u> </u> Check <u> </u> Capitalized Interest: \$ <u> </u> <u> </u> Reserve Account: \$ <u> </u> <u> </u> Other: \$ <u> </u>	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: <u> </u> Wire <u> </u> To Escrow Trustee \$ <u> </u> <u> </u> Check <u> </u> To Issuer \$ <u> </u> <u> </u> IGT <u> </u> To Cons. Invest. Fund \$ <u> </u> <u> </u> To Other: <u> </u> \$ <u> </u>	
NOTES: <u> Monthly debt service payments will be made by the District directly to the National Finance Office. </u> <u> The Municipal Bond Commission will only hold the Series 2016 A Reserve Account. Payments into the Series 2016 A Bonds Reserve Account will commence 24 months following the date hereof. </u> <u> The Reserve Requirement is \$73,500 </u>	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: <u> </u> TRANSFERS REQUIRED: <u> </u> <u> </u>	



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

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Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
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Writer's Contact Information

July 21, 2016

Little Creek Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

Little Creek Public Service District
Fairmont, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Little Creek Public Service District in Marion County, West Virginia (the "Issuer"), of its \$1,730,000 Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on July 19, 2016, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

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

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

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

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the Net Revenues pledged by the Bond Legislation 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 Bond Legislation.

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

THARP, LIOTTA & YOKUM, LLP

ATTORNEYS AT LAW
WESBANCO BANK BUILDING
FAIRMONT, WEST VIRGINIA 26555-1509

P.O. BOX 1509

J. SCOTT THARP
KAREN M. YOKUM
JARROD G. DEVAULT
JOHN R. FUNKHOUSER

JAMES A. LIOTTA (1946-2005)

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E-MAIL ADDRESS:
TLJY@access.mountain.net

July 21, 2016

Little Creek Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

Little Creek Public Service District
Fairmont, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Little Creek Public Service District, a public service district in Marion County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a Bond Resolution duly adopted by the Issuer on July 19, 2016 (the "Bond Legislation"), 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 Marion County relating to the creation and expansion of the Issuer and the appointment of members of the Public Service Board of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation when used herein.

We are of the opinion that:

1. The Issuer is a duly created and validly existing public service district and 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 elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

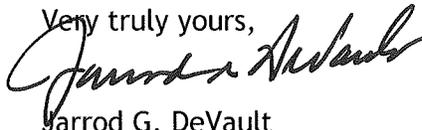
4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default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

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Marion County and the Public Service Commission of West Virginia, and the Issuer has duly 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 time for appeal of which has expired prior to the date hereof without appeal.

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

7. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision of the Public Service Commission of West Virginia entered on March 23, 2015 which became a Final Order on April 12, 2015 in Case No. 14-1969-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the rates and charges of the System, and approving the financing for the Project. Such Order remains in full force and effect.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

Jarrod G. DeVault
Tharp, Liotta & Yokum, PLLC

Little Creek Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Little Creek Public Service District, in Marion County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 21st day of July, 2016, in connection with the Little Creek Public Service District Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$1,730,000 (the "Series 2016 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2016 A Bonds 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 from the Purchaser, dated February 21, 2016, and all amendments thereto, and the Resolution of the Issuer duly adopted on July 19, 2016, authorizing issuance of the Series 2016 A (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein. The Series 2016 A Bonds are being issued on this date to finance the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2016 A or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2016 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2016 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, the cost of which is being financed out of the proceeds of sale of the Series 2016 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2016 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. PUBLIC SERVICE COMMISSION: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated March 23, 2015 which became a Final Order on April 12, 2015 in Case No. 14-1969-PWD-CN, approving the rates and charges for the services of the System, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. Such Order remains in full force and effect.

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

There are no outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge and source of and security for payment.

6. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2016 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2016 A Bonds for the Issuer.

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

Bond Resolution

USDA Letter of Conditions, with all amendments

Public Service Commission Order

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

Bureau for Public Health Permit

United States Department of Agriculture Loan Agreement

8. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Little Creek Public Service District" and its principal office and place of business is in Marion 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>
Gary Sivak	05/27/2015	05/31/2021
Herbert Egell	11/24/2010	11/24/2016
Harry Swisher	11/21/2012	11/21/2018

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

Chairman	-	Harry Swisher
Secretary	-	Herbert Egell

The duly appointed and acting Attorney for the Issuer is Tharp, Liotta & Yokum, PLLC, Fairmont, West Virginia.

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

At the time of delivery of the Series 2016 A Bonds, the undersigned Chairman received \$163,026.92, being a portion of the principal amount of the Series 2016 A Bonds. Further advances of the balance of the principal amount of the Series 2016 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2016 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 2.75% per annum is payable from the date of each respective advance.

The Series 2016 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

10. USE OF PROCEEDS: The total cost of the Project is estimated at \$1,730,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2016 A Bonds	<u>\$1,730,000</u>
Total Sources	<u>\$1,730,000</u>

USES

Costs of Acquisition and Construction	\$1,621,500
Capitalized Interest	88,500
Costs of Issuance	<u>20,000</u>
Total Uses	<u>\$1,730,000</u>

11. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2016 A Bonds.

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

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

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

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

16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2016 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. 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.

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

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Harry D. Swisher

Chairman

Herbert J. Edgell

Secretary

James A. Wachs

Attorney for Issuer



Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604

Telephone: (304) 366-4295 Fax: (304) 366-4311

ZACHARY D. DOBBINS, CPA
PHILLIP J. NUCE, CPA

July 21, 2016

Little Creek Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

Little Creek Public Service District
Fairmont, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered on March 23, 2015, which became a Final Order on April 12, 2015 in Case No.14-1969-PWD-CN, and projected operating expenses and anticipated customer usage as furnished to us by the Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Little Creek Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Issuer's Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) in the aggregate principal amount of \$1,730,000 (the "Series 2016 A Bonds").

Sincerely,

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC

Little Creek Public Service District
Water Revenue Bonds, Series 2016 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

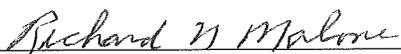
I, Richard N. Malone, Registered Professional Engineer, West Virginia License No. 009625 of George E. Pigott & Associates, Inc., White Hall, West Virginia, hereby certify this 21st day of July, 2016 that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing water system (the "System") of Little Creek Public Service District (the "Issuer"), to be acquired and constructed in Marion County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

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

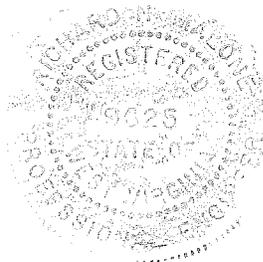
2. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my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

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

GEORGE E. PIGOTT & ASSOCIATES, INC.


Richard N. Malone, P.E.
West Virginia License No. 009625

530120.00001



**Little Creek PSD
Schedule B
Post-Bid**

6/16/2016

A. COST OF PROJECT	TOTAL	USDA Loan
1 Construction (Stonegate)		
a Contract 1 (pro Contracting)	559,720.00	559,720.00
b Contract 2 (Mid Atlantic)	474,870.00	474,870.00
c Contract 3 ((American Fencing)	32,115.30	32,115.30
d Contract 4 (Extreme Endeavors)	86,600.00	86,600.00
2 Construction Contingency 14.5%	167,294.70	167,294.70
4 Technical Services (Pigott)		
a Basic	96,630.00	96,630.00
b Inspection	79,420.00	79,420.00
c Special	10,000.00	10,000.00
5 Legal (Tharp, Liotta & Yokum)	20,000.00	20,000.00
6 Accounting (Bennett & Dobbins)	23,000.00	23,000.00
7 Lands & ROWs	30,000.00	30,000.00
8 Project Contingency	36,850.00	36,850.00
9 Permits/Ads/Fees	5,000.00	5,000.00
10 Sub Total	1,621,500.00	1,621,500.00
B. COST OF FINANCING		
11 Reserve	0.00	0.00
12 Capitalized Interest	88,500.00	88,500.00
13 Bond Counsel (S&J)	20,000.00	20,000.00
14 Sub Total Cost of Financing	108,500.00	108,500.00
15 TOTAL PROJECT COST	1,730,000.00	1,730,000.00
C. SOURCES OF OTHER FUNDS		
16 Federal Grant (USDA)	0.00	0.00
17 State Grant (IJDC)	0.00	0.00
18 Any Other Grant	0.00	0.00
19 TOTAL GRANTS	0.00	0.00
20 Size of Bond Issue	1,730,000.00	1,730,000.00

Nancy D Swisher
Little Creek PSD

7/19/2016
Date

Richard W Malom
Engineer

07/19/2016
Date