

**MANNINGTON PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)**

**BOND TRANSCRIPT**

**Closing Date: May 25, 2010**

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**MANNINGTON PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)**

**BOND RESOLUTION**

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MANNINGTON PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE CONSTRUCTION AND DESIGN OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF MANNINGTON PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,030,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 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 MANNINGTON 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. Mannington Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Mannington 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 prior construction to the System be permanently financed, and that there be constructed and designed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of constructing waterlines, storage tanks, a booster pump station and radio telemetry to serve approximately 212 new customers (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 and other certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of two new water storage tanks, a booster station, waterline upgrades and fire hydrants, (the "Additional Work"). 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 design 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 and Additional Work is \$5,457,570 of which \$2,030,000 will be obtained from the proceeds of the sale of the Series 2010 A Bonds, \$1,500,000 from a Small Cities Block Grant, \$706,000 from a West Virginia Infrastructure & Jobs Development Council grant, \$1,021,570 from a grant from the Purchaser and \$200,000 from a private contributor.

E. The Issuer intends to permanently finance the costs of the Project through the issuance of its Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), in the aggregate principal amount of \$2,030,000 (the "Series 2010 A Bonds"), to permanently finance a portion of the cost of such construction and design in the manner herein provided, and pay the costs of issuances thereof. The cost of such design 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 2010 A Bonds prior to, during and for six months after completion of such design of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are no outstanding obligations of the Issuer which will rank on a parity with the Series 2010 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 2010 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated July 31, 2008, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied, and will comply with respect to such Additional Work, 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 2010 A Bonds, or will have so complied prior to issuance of the Series 2010 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 2010 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 2010 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.

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

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

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

"Bonds" means, collectively, the Series 2010 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 Hornor Brothers, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

“Depository Bank” means First Exchange Bank, Mannington, Marion County, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

“FDIC” means the Federal Deposit Insurance Corporation.

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

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

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

“Grants” means, collectively, all grants committed for the Project.

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

“IJDC Grant Agreement” means the grant agreement entered into between the Issuer and the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure & Jobs Development Council.

“Issuer,” “Borrower” or “District” means Mannington 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 July 31, 2008, 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 2010 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 2010 A Bonds” means the Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

“Series 2010 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 A Bonds in the then current or any succeeding year.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the

Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

## **ARTICLE II**

### **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**

Section 2.01. Authorization of Payment of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$5,457,570, in accordance with the plans and specifications which have been or will be 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 and the Additional Work is \$5,457,570 of which \$2,030,000 will be obtained from the proceeds of the sale of the Series 2010 A Bonds, \$1,500,000 from a Small Cities Block Grant, \$706,000 from a West Virginia Infrastructure and Jobs Development Council grant, \$1,021,570 from a grant from the Purchaser and \$200,000 from a private contributor.

The Additional Work will be designed at a later date, will be funded in part by the West Virginia Infrastructure and Jobs Development Grant in the amount of \$706,000, and will require PSC approval, any necessary permits and approvals, an updated title opinion and acceptable bids for such Additional Work. The IJDC grant dollars cannot be expended until the Issuer has complied with the IJDC Grant Agreement.

### 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 2010 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2010 A" (United States Department of Agriculture), are hereby authorized to be issued in the aggregate principal amount of \$2,030,000 for the purpose of financing the cost of the construction and design of the Project.

Section 3.02. Description of Bonds. The Series 2010 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 2010 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 2.5% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in monthly installments in the amount of \$6,902 commencing 24 months after the date of closing and continuing on the 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 2010 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 2010 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 2010 A Bonds, and the right to principal of and stated interest on the Series 2010 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 2010 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 2010 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 2010 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2010 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 2010 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2010 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 2010 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2010 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 2010 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 2010 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 2010 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 2010 A Bonds shall cease to be such officer of the Issuer before the Series 2010 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 2010 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 2010 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 2010 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2010 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 2010 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 2010 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 2010 A Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2010 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  
MANNINGTON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2010 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ \_\_\_\_\_

No. AR-1

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

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

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

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

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

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

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

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

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

This Bond, 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 \_\_\_\_\_, 2010, authorizing issuance of this Bond (the "Resolution").

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

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

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2010 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, MANNINGTON 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.

MANNINGTON 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;
- (3) Series 2010 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 2010 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2010 A Bonds shall be deposited upon receipt by the Issuer in the Series 2010 A Bonds Project Construction Account. The monies in the Series 2010 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 2010 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2010 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 2010 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 2010 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 2010 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 2010 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 2010 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2010 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2010 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2010 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 simultaneously remit to the National Finance Office the amount required to pay interest on the Series 2010 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2010 A Bonds, the amount required to amortize the principal of the Series 2010 A Bonds.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, 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 2010 A Bonds Reserve Account, an amount equal to 10%

of the monthly payment amount, until the amount in the Series 2010 A Bonds Reserve Account equals the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 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 2010 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, 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 2010 A Bonds Reserve Account shall be sufficient to prepay the Series 2010 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2010 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 2010 A Bonds Reserve Account. All amounts required for the Series 2010 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 2010 A Bonds and the interest thereon.

The Series 2010 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 2010 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 2010 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 2010 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 2010 A Bonds, provide evidence that there will be at least 594 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 2010 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2010 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 Series 2010 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2010 A Bonds are no longer outstanding, the following parity requirement shall be met:

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 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 Recommended Decision entered on January 26, 2010 which became Final Order of the Public Service Commission of West Virginia on February 15, 2010, in Case No. 09-1068-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 2010 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 2010 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 2010 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 2010 A Bonds, the Issuer may not defease the Series 2010 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2010 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 2010 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.

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

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Adopted this 21st day of May, 2010.

MANNINGTON PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of  
MANNINGTON PUBLIC SERVICE DISTRICT on the 21st day of May, 2010.

Dated: May 25, 2010.

[SEAL]

*Mary Jo Brazz*  
Secretary

05.13.10  
546390.00001

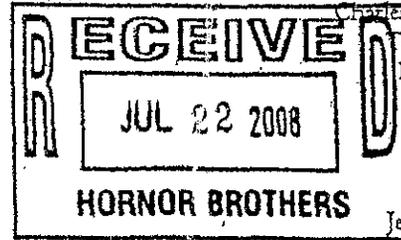
Reserved

*Copy-True*

# West Virginia Infrastructure & Jobs Development Council

Public Members:  
Kenneth Lowe, Jr.  
Shepherdstown  
Dwight Calhoun  
Petersburg  
Dave McComas  
Prichard  
Ron Justice  
Morgantown

300 Summers Street, Suite 980  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609



Jefferson E. Brady, PE  
Executive Director

Jefferson.Brady@verizon.net

July 17, 2008

James Carpenter, Chairman  
Mannington Public Service District  
P.O. Box 205  
Mannington, West Virginia 26581

Re: Mannington Public Service District  
Water Project 2004W-795

Dear Mr. Carpenter:

The West Virginia Infrastructure and Jobs Development Council, at its July 9, 2008 meeting, determined that the Mannington Public Service District (the "District") should utilize a \$1,650,000 Rural Utilities Service loan, a \$1,000,000 Rural Utilities Service grant, a \$1,500,000 Small Cities Block Grant, a \$200,000 private contribution and voted to offer a binding commitment for an Infrastructure Fund grant of \$706,000 to finance this \$5,056,000 project. This project consists of new waterline extensions to serve 266 existing households.

In order to receive the proposed binding commitment the District must adhere to a certain project schedule. Please contact Jeff Brady at 558-4607 by **August 29, 2008** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Kenneth Lowe, Jr.

cc: Bob DeCrease, P.E., BPH  
Debbie Legg, WVDO  
Joseph Crickenberger, RUS  
Region VI Planning & Development Council  
~~Region VI Planning & Development Council~~



United States Department of Agriculture  
Rural Development  
White Hall Office

May 6, 2010

James I. Carpenter, Chairman  
Mannington Public Service District  
P.O. Box 205  
Mannington, WV 26582

Dear Mr. Carpenter:

This letter is to confirm that the pre-closing meeting for the USDA Rural Development, Rural Utilities Service (RUS) loan on the upcoming Mannington PSD Water System Improvement Project is scheduled for May 21, 2010, at 10:00 a.m. in the conference room of the Mannington City Building, 206 East Main Street, Mannington, West Virginia. A pre-construction conference is to follow at 11:00 a.m. in the same location. The official loan closing date for the Public Service District's project will be May 25, 2010. The project attorney should attend the pre-closing meeting, and the project accountant should be available for consultation if needed.

All of the requirements set forth in the RUS Letter of Conditions dated July 31, 2008, must be met and the loan must be closed in accordance with RUS Instruction 1780. Many of the aforementioned items from the Letters of Conditions have already been addressed. Those items remaining to be satisfied prior to loan and grant closing include:

1. The certification on the RUS Grant Agreement (RUS Bulletin 1780-12) will be executed at the pre-closing meeting.
2. The certification on the RUS Loan Resolutions (RUS Bulletin 1780-27) will be executed at the pre-closing meeting.
3. The Public Service District's attorney must provide a completed and signed Form RD 442-22, Opinion of Counsel Relative to Rights-of-Way, showing no exceptions. This form should be dated May 25, 2010. It should include an attached list of all of the rights-of-way needed for the project identifying which ones have been obtained and recorded.
4. The Public Service District's attorney must furnish a Form RD 1927-10, Final Title Opinion, on each parcel of land being acquired for the project. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the Public Service District. The

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opinion(s) should be dated May 25, 2010, and they should include legal descriptions (and plats if they are available).

5. In accordance with Item 8(c) of the letter of conditions, the Public Service District's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. If the Public Service District was unable to obtain the necessary property rights for any tract or right-of-way, a "right of entry" must be obtained for all properties before the pre-closing.
6. In accordance with the Legal Services Agreement, the project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project. The attorney must sign the certification in the contract specification book, and record the payment and performance bonds as appropriate.
7. No later than the date of the pre-closing meeting, the Public Service District must provide written evidence that all required insurance coverage and fidelity bond coverage has been obtained in accordance with Item 12 of the original Letter of Conditions.
8. Prior to closing a loan with the poverty interest rate, health and/or sanitary documentation must be obtained in accordance with RUS Instruction 1780.10(c)(1) and 1780.13(b)(1). This documentation should be in the form of a letter from the state or local health department which documents that the project is necessary to address a health or sanitary issue. Documentation from a local health department must be from the department that has jurisdiction over the project area.
9. The permit from the West Virginia Department of Highways must be on hand at the pre-closing. The Public Service District should proceed to obtain the necessary bond and forward it to the WVDOH with a request that the permit be issued if this has not already been done.
10. All applicable Public Service Commission certificates and/or approvals must be obtained prior to closing, and a copy provided to RUS.
11. The Public Service District must provide RUS with proof of compliance with WV State law pertaining to Workers' Compensation (if applicable).
12. The contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions".

13. The first requisition for project funds must be reviewed and approved by Rural Development prior to the pre-closing meeting.
14. Please be prepared to have a properly called meeting of the Public Service District Board of Directors during the pre-closing process. Also please bring any official seal that the PSD uses for authenticating documents.
15. Nancy Taylor, Rural Development Technician in this office, is planning to complete a Civil Rights Compliance Review with the Public Service District at the pre-closing. This normally requires an informal interview to help her gather the information to complete the review.

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

Sincerely,



Steven D. Poe  
Rural Development Specialist

cc: State Director  
USDA- Rural Development

Trey Hornor, P.E.  
Hornor Brothers Engineers  
P.O. Box 386  
Clarksburg, WV 26301

Stephoe & Johnson, PLLC  
Attention: Katy Mallory, P.E.  
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Jarrold Devault, Esq.  
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Angela Chestnut, P.E.  
WV Infrastructure and Jobs  
Development Council  
1320 One Valley Square Charleston, WV 25301

USDA Rural Development  
Attention: Joe Crickenberger  
1200 Harrison Avenue, Suite 150  
Elkins, WV 26241

Jeanna Bailes  
WV Development Office  
Community Dev. Division  
Capitol Complex, Bldg 6, Rm 553  
Kanawha Blvd, East  
Charleston, WV 25305-0311

Richard Walton  
Marion County Commission  
Planning & Development Director  
200 Jackson Street, Room 403  
Fairmont, WV 26554

Consol Energy  
1 Bridge Street  
Monongah WV 26554



*Bond Counsel  
Vince Collier*

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

July 31, 2008

COPY

James I. Carpenter, Chairman  
Mannington Public Service District  
P.O. Box 205  
Mannington, WV 26582

Dear Mr. Carpenter:

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

The docket may be completed on the basis of an RUS loan in the amount of \$2,030,000, an RUS grant in the amount of \$1,021,570, and other funding in the amount of \$2,406,000, for a total project cost of \$5,457,570. The other funding is planned in the form of a \$706,000 grant from the West Virginia Infrastructure and Jobs Development Council, a \$1,500,000 grant from the HUD Small Cities Block Grant program, and a \$200,000 contribution from Consol Energy.

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

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

- a. RUS Instruction 1780
- b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"

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- 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:

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist
- Attachment No. 3 – RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 4 – Water Users Agreement
- Attachment No. 5 – Declination Statement (Applicant and Attorney Copies)
- Attachment No. 6 – Government Auditing Standards (Revision July 2007) (Accountant Copy) - This may be accessed at [www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm).
- Attachment No. 7 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
- Attachment No. 8 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
- Attachment No. 9 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
- Attachment No. 10 – Sample Credit Agreement (Applicant Copy)
- Attachment No. 11 – 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 RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
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 2.75% interest rate and a monthly amortization factor of .00354, which provides for a monthly payment of \$7,187. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your

authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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

3. Security – The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
4. Users – This conditional commitment is based upon you providing evidence that you will have at least 594 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 213 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of \$100. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

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

user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

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. 510-FA, “Standard Form of Agreement between Owner and Engineer for Professional Services” (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
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/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

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

RUS regulations (RD Instruction 1780) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. “Government Auditing Standards (Revised July 2007),” and RUS Bulletins 1780-30 and 1780-31 (available on website) 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 PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
  - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
  - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing

informational material to all affected property owners, and completing appraisals of the affected properties.

- e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

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 \$300,000, which is 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. Those actions 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.

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 –

a. The contract documents should consist of the following:

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

(2) “RUS Supplemental General Conditions.”

RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version),” is available on our website for use by your engineer in the preparation of the contract documents.

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

- (1) Liability Insurance – Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. EJCDC Document C-710, “Standard General Conditions of the Construction Contract” (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, “Supplementary Conditions” both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder’s Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers’ Compensation – In accordance with applicable State laws.

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

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

17. Interim Financing – Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 10).

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

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

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

**Public Bodies**

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

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

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

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

19. Water Purchase Contract – You propose to purchase treated water from the City of Mannington; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
20. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
21. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
  - Form RD 1940-1 – “Request for Obligation of Funds”
  - RUS Bulletin 1780-12 – “Water or Waste System Grant Agreement”
  - RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”
  - Form RD 400-1 – “Equal Opportunity Agreement”

Form RD 400-4 – “Assurance Agreement”  
Form AD 1047 – “Certification Regarding Debarment – Primary”  
Form AD 1049 – “Certification Regarding Drug-Free Workplace”  
Form RD 1910-11 – “Applicant Certification, Federal Collection Policies”  
RD Instruction 1940-Q, Exhibit A-1, “Certification for Contracts, Grants and Loans”  
Standard Form LLL – “Disclosure of Lobbying Activities” (If Applicable)  
Certification of Compliance  
Form RD 1942-46, “Letter of Intent to Meet Conditions”

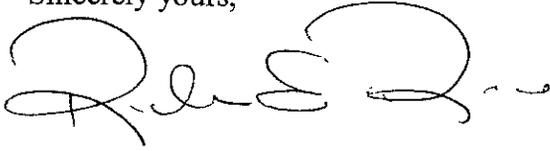
22. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing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

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

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

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

Sincerely yours,



RICKIE E. RICE  
State Director

Enclosures

cc: Area Director, Elkins  
ATTN: Rural Development Specialist

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Capitol Complex, Building 6, Room 553  
Kanawha Boulevard, East  
Charleston, WV 25305-0311

Marion County Commission  
Planning and Development Director  
200 Jackson Street, Room 403  
Fairmont, WV 26554

Consol Energy  
1 Bridge Street  
Monongah, WV 26554

Jeff Brady, Executive Secretary  
West Virginia Infrastructure and  
Jobs Development Council  
1320 One Valley Square  
Charleston, WV 25301

Attachment No.1 to Letter of Conditions  
 For: Mannington PSD Waterline Extension Project  
 Date: July 31, 2008

**Project Construction Budget  
 Mannington PSD Waterline Extension Project**

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>RUS GRANT</u>	<u>SCBG</u>	<u>WVIJDC Grant</u>	<u>CONSOL ENERGY CONTRIBUTION</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 1,694,744	\$ 592,000	\$ 1,470,000	\$ 706,000	\$ -	\$ 4,462,744
CONST. CONTINGENCY	\$ 103,000	\$ 120,000	\$ -	\$ -	\$ -	\$ 223,000
LAND & RIGHTS	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
LEGAL FEES	\$ 24,000	\$ 6,000	\$ -	\$ -	\$ -	\$ 30,000
BOND COUNSEL	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 21,000
ACCOUNTING	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
ENGINEERING FEES	\$ 39,000	\$ 271,000	\$ -	\$ -	\$ 200,000	\$ 510,000
Preliminary - \$15,000						
Design - \$280,000						
Insp. - \$195,000						
Additional - \$20,000						
PERMIT FEES	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000
INTEREST	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ 95,000
ADMINISTRATION	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
EQUIPMENT	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
PROJECT CONTINGENCY	\$ 30,256	\$ 17,570	\$ -	\$ -	\$ -	\$ 47,826
<b>TOTAL</b>	<b>\$ 2,030,000</b>	<b>\$ 1,021,570</b>	<b>\$ 1,500,000</b>	<b>\$ 706,000</b>	<b>\$ 200,000</b>	<b>\$ 5,457,570</b>

Attachment No.1 to Letter of Conditions  
For: Mannington PSD - Waterline Extension Project  
Date: July 31, 2008

Applicability

Available within the entire territory served.

Availability

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

Rates (customers with metered water supply)

First	5,000	gallons @	\$	8.88	Per 1,000 gallons
Next	5,000	gallons @	\$	7.83	Per 1,000 gallons
Next	10,000	gallons @	\$	7.40	Per 1,000 gallons
Next	10,000	gallons @	\$	6.73	Per 1,000 gallons
Over	30,000	gallons @	\$	5.92	Per 1,000 gallons

Minimum Charge

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

5/8" x 3/4"	meter	\$	26.64	per month
3/4"	meter	\$	39.96	per month
1"	meter	\$	66.60	per month
1 1/2"	meter	\$	133.20	per month
2"	meter	\$	213.12	per month
3"	meter	\$	399.60	per month
4"	meter	\$	666.00	per month
6"	meter	\$	1,332.00	per month
8"	meter	\$	2,131.20	per month

Minimum Monthly Bill \$ 26.64 for 3,000 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.

Reconnection Charge

\$25.00

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

Tap Fee

The following charges are to be made whenever the utility installs a new tap to serve an applicant.  
Prior to construction - \$100.00

A tap fee of \$200.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

Attachment No. 1 to Letter of Conditions  
 For: Mannington PSD Waterline Extension Project  
 Date: July 31, 2008

**MANNINGTON PUBLIC SERVICE DISTRICT - WATERLINE EXTENSION PROJECT  
 USE AND INCOME ANALYSIS  
 PROPOSED SYSTEM--PROPOSED RATES**

BLOCKING	# OF USERS	GALLONS (THOUSANDS)	1" METER MINIMUMS	FIRST 3,000 (MINIMUM)	NEXT 2,000	NEXT 5,000	NEXT 10,000	NEXT 10,000	OVER 30,000	TOTAL REVENUE
0 - 3,000	306	533.01		306						
3,001 - 5,000	163	666.58		163	177.58					
5,001 - 10,000	106	709.16		106	212.00	179.16				
10,001 - 20,000	14	166.60		14	28.00	70.00	26.60			
20,001 - 30,000	2	54.70		2	4.00	10.00	20.00	14.70		
OVER 30,000	2	800.00		2	4.00	10.00	20.00	20.00	740.00	

1" Meter 1 0 1

Monthly Total	594	2930.05	1	593	425.58	269.16	66.6	34.7	740	
Proposed Rates			\$ 66.60 \$	26.64 \$	8.88 \$	7.83 \$	7.40 \$	6.73 \$	5.92	
Monthly Revenue			\$ 66.60 \$	15,797.52 \$	3,779.15 \$	2,107.52 \$	492.84 \$	233.53 \$	4,380.80 \$	26,857.96
Annual Revenue			\$ 799.20 \$	189,570.24 \$	45,349.80 \$	25,290.24 \$	5,914.08 \$	2,802.36 \$	52,569.60 \$	322,295.52

Adjustment Factor to Reconcile with Rule 42 Per Books Revenue = 0.988357

Rounded Adjusted Annual Revenue = \$ 318,543.00

Attachment No. 1 to the Letter of Conditions  
 For: Mannington PSD Waterline Extension Project  
 Date: July 31, 2008

**MANNINGTON PSD - WATERLINE EXTENSION PROJECT  
 PROFORMA OPERATING BUDGET - PROPOSED RATES**

OPERATING INCOME			
Metered Sales	\$	318,543	
Forfeited Discounts	\$	3,429	
Misc. Service Revenue	\$	1,520	
Other Water Revenues	\$	-	
TOTAL OPERATING INCOME			<u>\$ 323,492</u>
NON OPERATING INCOME			
Interest income	\$	941	
TOTAL NON OPERATING INCOME			<u>\$ 941</u>
TOTAL INCOME			<u>\$ 324,433</u>
EXPENSES			
O & M	\$	217,649	
Taxes	\$	-	
TOTAL EXPENSES			<u>\$ 217,649</u>
INCOME AVAILABLE FOR D/S (A)			<u>\$ 106,784</u>
DEBT SERVICE			
Existing Bond P & I	\$	-	
Proposed RUS Bonds P & I	\$	86,244	\$ 7,187.00 per month
TOTAL DEBT SERVICE (B)			<u>\$ 86,244</u>
DEBT SERVICE RESERVE			
Existing Debt Service Reserve	\$	-	
Proposed RUS Debt Service Reserve	\$	8,625	
Renewal & Replacement Reserve	\$	8,087	(2.5% of Gross Revenue)
TOTAL RESERVES			<u>\$ 16,712</u>
SURPLUS (DEFICIT)			<u>\$ 3,828</u>
DEBT COVERAGE (A/B)			\$ 1.24

Increase needed--

(2.39)

Based on RUS loan of \$2,030,000.00 @ 2.75% for 38 years, an RUS grant of \$1,021,570  
 a WVIJDC grant of \$706,000, a SCBG grant of \$1,500,000, and a contribution of

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

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

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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Survey conducted by uninterested party to determine MHI	1	1780.1(b)	Applicant/ RUS		Have	2
	S/O concurrence in results of survey to determine MHI	1	1780.1(b)	RUS-S/O		Have	2
	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		Have	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	2	1780.41(a)	RUS			1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS			3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant			2

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS			5

<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>
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5
	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
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6

<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>
(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
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

**FINAL**

2/15/2010

Entered: January 26, 2010

CASE NO. 09-1068-PWD-CN

MANNINGTON PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct an extension of water mains, a 100,000-gallon water storage tank, an 11,500-gallon water storage tank, 20-gpm booster pump station and radio telemetry to serve approximately 212 new customers

RECOMMENDED DECISION

On June 26, 2009, Mannington Public Service District (Utility) filed an application for a certificate of convenience and necessity to construct a water project to serve approximately 212 new customers, and for approval of a 24% project-related rate increase.

On July 8, 2009, the Commission referred the matter. The current decision due date is February 7, 2010.

On September 28, 2009, the Utility filed an affidavit of publication indicating that it properly published notice of its application in Marion County. There have been no protests filed pursuant to the Notice.

On December 28, 2009, Staff recommended that the certificate be granted but recommended no rate increase for the Utility as a result of the project.

On January 4, 2010, the Utility objected to the Staff recommendation.

On January 12, 2010, Staff indicated that there had been an error in the Utility's purchased water cost estimate. Once that error was corrected, Staff concluded that a 9.9% across-the-board increase was necessary for the Utility's rates.

On January 14, 2010, the Utility indicated that it was now in agreement with the Staff recommendations regarding the certificate and the appropriate rates.

FINDINGS OF FACT

1. On June 26, 2009, the Utility filed an application for a certificate of convenience and necessity to construct a water project to serve approximately 212 new customers which includes 141,000 linear feet of water lines, a 100,000-gallon water storage tank, an 11,500-gallon

water storage tank, a booster station and radio telemetry. The Utility also requested a 24% increase in rates. (See application).

2. The project is estimated to cost \$5,457,570 to be funded through a USDA Rural Utilities Service (RUS) loan for 38 years in the amount of \$2,030,000 with an interest rate of 2.75%, an RUS grant in the amount of \$1,021,570, a Small Cities Block Grant in the amount of \$1,500,000, a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$706,000 and a Consol Energy grant in the amount of \$200,000. (See Staff filing of December 23, 2009).

3. The Utility's unaccounted-for water loss as of June 30, 2009, was 31%. (Id.).

4. The Utility properly published notice of its filing in Marion County. There have been no protests filed pursuant to the notice. (See Utility filing of September 28, 2009; case file generally).

5. The project will extend service to customers in the West and North of Logansport and to the communities of Curtisville, Brink, Rymer, Seven Pines and customers along Warrior Fork. (See Staff filing of December 23, 2009).

6. The project will provide fire protection for Logansport, Curtisville and Rymer. (Id.).

7. The project will also provide service along Little Dents Run, Metz and Condit, and to a new mine portal along Johnnycake Run to provide service to Consol Energy. (Id.).

8. Consol will construct and operate a 50-gpm booster station and a 100,000-gallon water tank to serve the mine. (Id.).

9. Customers in the area now obtain water from inadequate private wells and need a reliable, safe supply of water. (Id.).

10. The contingency costs were set at 4.9%. Staff recommended that deductive alternatives be created by the Utility in the event that bids exceed the estimated project cost. (Id.).

11. The project density is 7.9 customers per mile with a total cost of \$25,622 per customer. The non-grant construction cost per customer is \$9,530. (Id.).

12. The project will increase operation and maintenance expenses for the Utility by \$66,978 a year. (Id.).

13. The Utility has applied for all necessary permits. Plans and specifications have been approved by the West Virginia Office of Environmental Health Services. (See Permit No. 18,247; Staff filing of December 23, 2009).

14. Customers with a static pressure in excess of 90 pounds per square inch will be provided with a tandem setter and a pressure reducer installed in the meter pits. The customers will be informed of the risk associated with thermal expansion since the pressure regulators will act

as check valves preventing water heated in hot water tanks to safely expand back to the main supply line. (Id.).

15. The new Logansport tank will have two days of storage capacity plus fire flow. (See Staff filing of December 23, 2009).

16. The project is necessary and appropriate, but would be financially infeasible except for the large amount of grant money and the favorable financing package. (Id.).

17. The project's plans and specifications generally conform to the Commission's rules and regulations. (Id.).

18. The Utility currently serves 382 customers, so the addition of 213 new customers will increase the customer count for the Utility by 55.7%. (Id.).

19. Staff is recommending a 9.9% across-the-board increase to the Utility's rates which will generate an additional \$169,327 in operating revenue and provide a surplus of \$6,856 and a debt service of 128.33%. (See Staff filing of January 12, 2010).

20. The Utility indicated on January 14, 2010, that it was in agreement with all of Staff recommendations. (See Utility filing of January 14, 2010).

#### CONCLUSIONS OF LAW

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

#### ORDER

IT IS, THEREFORE, ORDERED that Mannington Public Service District be, and hereby is, granted a certificate of convenience and necessity to construct the improvements to its water system described in its application of June 26, 2009. The cost of the approved project shall not exceed \$5,457,570. Approval is contingent upon the Utility obtaining all necessary State and Federal permits before construction.

~~IT IS FURTHER ORDERED that the proposed financing, consisting of a USDA Rural Utilities Service loan in the amount of \$2,030,000 for 38 years with an interest rate of 2.75%, an RUS grant in the amount of \$1,021,570, a Small Cities Block grant in the amount of \$1,500,000, a West Virginia Infrastructure and Jobs Development Council grant in the~~

amount of \$706,000 and a contribution (or grant) from Consol Energy in the amount of \$200,000 be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the scope or plans for the project change, or project cost or financing changes require a further rate increase beyond any reviewed and approved herein, the Utility must obtain prior Commission approval before commencing construction. Changes in project cost or financing do not require separate approval if those changes do not affect rates and the Utility submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that the Utility provide the Commission with a copy of the Engineer's certified bid tabulation for all contracts awarded on this project as soon as they are available, but no later than ten days after the bid opening date.

IT IS FURTHER ORDERED that the Utility submit to the Commission a copy of the certificate of substantial completion issued for each construction contract associated with the project as soon as they are available, but no later than ten days from the issuance of such documents.

IT IS FURTHER ORDERED that the rates attached as Appendix A be, and hereby are, approved for use by Mannington Public Service District for all service rendered on and after the date of substantial completion of the project. The Utility shall file with the Commission a proper tariff and at least five (5) copies within thirty (30) days of the date that the project is certified as substantially complete.

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

IT IS FURTHER ORDERED that the Utility submit to the Commission a copy of any permits or approvals by any Federal, State or local government or agency related to this project which have not been previously filed with the Commission as soon as they are available.

IT IS FURTHER ORDERED that Mannington Public Service District install pressure regulators in the meter pits of new customers when the calculated pressure at the pit exceeds 90 psi. All high main-line pressure customers should be notified of the high pressure. Such customers should be warned of the need to install a device such as an expansion tank that will relieve pressure in the customer's line due to heat expansion in a closed system.

IT IS FURTHER ORDERED that Mannington Public Service District aggressively pursue reducing its unaccounted-for water rate.

IT IS FURTHER ORDERED that the matter be removed from the open docket.

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

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

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

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



Keith A. George  
Administrative Law Judge

KAG:cdk  
091068ae.wpd

MANNINGTON PUBLIC SERVICE DISTRICT  
CASE NO. 09-1068-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (customers with metered water supply)

First	5,000 gallons used per month	\$10.31 per 1,000 gallons
Next	5,000 gallons used per month	\$ 9.26 per 1,000 gallons
Next	10,000 gallons used per month	\$ 8.84 per 1,000 gallons
Next	10,000 gallons used per month	\$ 8.17 per 1,000 gallons
All Over	30,000 gallons used per month	\$ 7.35 per 1,000 gallons

MINIMUM CHARGE

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

	5/8-inch meter	\$ 24.21 per month
1	-inch meter	\$ 60.53 per month
2	-inch meter	\$193.68 per month

The above minimum charges are subject to an additional \$2.24 per 1,000 gallons surcharge.

DELAYED PAYMENT PENALTY

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

RECONNECTION

\$25.00

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

TAP FEE

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

A tap fee of \$200.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

\$4.53 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

MANNINGTON PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)

RECEIPT FOR SERIES 2010 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 25th day of May, 2010 as follows:

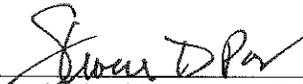
1. On the 25th day of May, 2010, at Mannington, West Virginia, the undersigned received for the Purchaser the Mannington Public Service District Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), No. AR-1 (the "Series 2010 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$2,030,000, dated the date hereof, bearing interest at the rate of 2.5% per annum, payable in monthly installments as stated in the Bond. The Series 2010 A Bonds represent the entire above captioned Bond issue.

2. At the time of such receipt, the Series 2010 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Mannington Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$120,800, being a portion of the principal amount of the Series 2010 A Bonds. The balance of the principal amount of the Series 2010 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

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

  
Authorized Representative

05.10.10  
546390.00001

CH5224803

# SPECIMEN

UNITED STATES OF AMERICA  
MANNINGTON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2010 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$2,030,000

No. AR-1

Date: May 25, 2010

FOR VALUE RECEIVED, MANNINGTON 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 TWO MILLION THIRTY THOUSAND DOLLARS (\$2,030,000), plus interest on the unpaid principal balance at the rate of 2.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 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 \$6,902, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted May 21, 2010, authorizing issuance of this Bond (the "Resolution").

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

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

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

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2010 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, MANNINGTON 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.

MANNINGTON 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) \$120,800	May 25, 2010	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

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

(Form of Assignment)

ASSIGNMENT

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

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

In the presence of:

\_\_\_\_\_

MANNINGTON PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2010 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$2,030,000

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	May 25, 2010	United States Department of Agriculture	<i>Mary Jo Dragg</i>

05.10.10  
546390.00001

CH5228037

May 25, 2010

Mannington Public Service District  
Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)

Mannington Public Service District  
Mannington, West Virginia

United States Department of Agriculture  
Morgantown, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Mannington Public Service District in Marion County, West Virginia (the "Issuer"), of its \$2,030,000 Water Revenue Bonds, Series 2010 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 May 21, 2010, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

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

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

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds.

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  
JAMES A. LIOTTA (1946-2005)

TELEPHONE (304) 363-1123  
FAX NO. (304) 366-1386  
E-MAIL ADDRESS:  
TLJY@access.mountain.net

May 25, 2010

Mannington Public Service District  
Mannington, West Virginia 26582

United States Department of Agriculture  
Morgantown, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

RE: Mannington Public Service District  
Water Revenue Bonds, Series 2009A  
(United States Department of Agriculture)

Ladies and Gentlemen:

I am counsel to Mannington Public Service District, a public service district in Marion County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted May 21, 2010, (the "Resolution"), other documents and papers relating to the Issuer and the above captioned Bonds of the Issuer (the "Bonds"), and documents and orders of the County Commission of Marion County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

May 25, 2010

Mannington Public Service District, et al.

Page 2

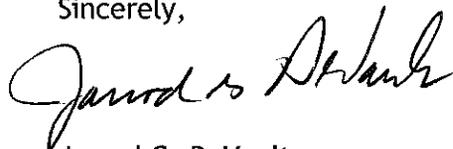
The Resolution has been duly adopted by the Issuer and is in full force and effect.

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

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 taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jarrod G. DeVault". The signature is written in a cursive, flowing style.

Jarrod G. DeVault

JGD:lek

MANNINGTON PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Mannington 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 25th day of May, 2010, in connection with the Mannington Public Service District Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$2,030,000 (the "Series 2010 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 2010 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated July 31, 2008, and all amendments thereto, and the Resolution of the Issuer duly adopted on May 21, 2010, authorizing issuance of the Series 2010 A Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein.

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 2010 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2010 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 2010 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2010 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 2010 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on January 26, 2010, which became Final Order on February 15, 2010, in Case No. 09-1068-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Recommended Decision has expired prior to the date hereof without any appeal. Such Order remains in full force and effect. The Issuer obtain a final PSC Order approving the revised scope of the Project to include the Additional Work prior to the advancement of West Virginia Infrastructure and Jobs Development Council Grant.

The estimated maximum cost of the acquisition and construction of the Project and the Additional Work is \$5,457,570 of which \$2,030,000 will be obtained from the proceeds of the sale of the Series 2010 A Bonds, \$1,500,000 from a Small Cities Block Grant, \$706,000 from a West Virginia Infrastructure and Jobs Development Council grant, \$1,021,570 from a grant from the Purchaser and \$200,000 from a private contributor.

There are certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of two new water storage tanks, a booster station, waterline upgrades and fire hydrants, (the "Additional Work") which will be designed at a later date, will be funded in part by the West Virginia Infrastructure and Jobs Development Grant in the amount of \$706,000, will require PSC approval, permits or permit modifications, an updated title opinion and acceptable bids for such Additional Work. The IJDC grant dollars cannot be expended until the Issuer has complied with special conditions of the IJDC Grant Agreement.

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

There are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2010 A Bonds as to liens, pledge and/or service of and security for payment.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2010 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 2010 A Bonds for the Issuer.

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

Bond Resolution

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

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

United States Department of Agriculture Loan Agreement

United States Department of Agriculture Grant Agreement

IJDC Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Mannington Public Service District" and its principal office and place of business are 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:

Name	Date of Commencement of Office	Date of Termination of Office
James Ira Carpenter	10/15/2006	09/01/2011
James Hayes	08/27/2008	09/01/2012
vacant		

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2010 are as follows:

Chairman – James Carpenter  
Secretary – Mary Jo Bragg

The duly appointed and acting Attorney for the Issuer is Jarrod Devault, Esquire, of Fairmont, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2010 A Bonds were delivered to the Purchaser at Mannington, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery, the Series 2010 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

The Series 2010 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 2.5% per annum is payable from the date of each respective advance.

The Series 2010 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2010 A Bonds.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any

way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed (as applicable), qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

12. CONNECTIONS, ETC.: The Issuer will serve at least 594 bona fide users with the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

14. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2010 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

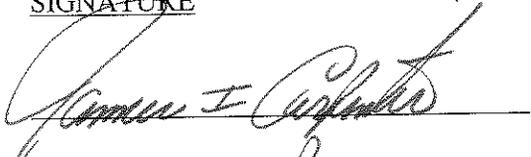
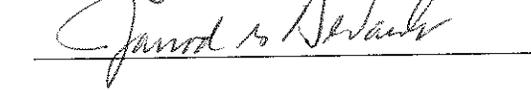
15. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Chairman

Secretary

Attorney for Issuer

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MANNINGTON PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

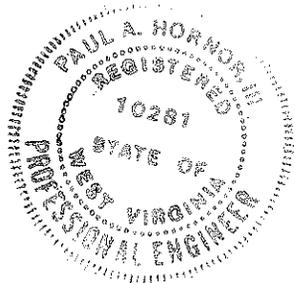
I, Paul A. Hornor, III, Registered Professional Engineer, West Virginia License No. 010281, of Hornor Brothers Engineers, Clarksburg, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Mannington 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.

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

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

The Project will serve 210 new customers in the Metz and Flat Run areas north of the City of Mannington and the Little Dent's Run, Logansport, Curtisville, Rymer, Brink and Seven Pines areas west of the City of Mannington.

WITNESS my signature on this 25th day of May, 2010.



HORNOR BROTHERS ENGINEERS

A handwritten signature in cursive script that reads "Paul A. Hornor, III".

Paul A. Hornor, III, P.E.  
West Virginia License No. 010281

**SCHEDULE B**  
**MANNINGTON PSD WATER PROJECT 2004W-795**

A. Cost of Project	Total	RUS LOAN/GRANT	SCBG	WV/JDC GRANT	CONSOL ENERGY CONTRIBUTION
1. Construction					
Contract No. 1--Waterline Extension	1,594,782.62	1,594,782.62	0.00	0.00	0.00
Contract No. 2--Waterline Extension	1,573,614.09	103,614.09	1,470,000.00	0.00	0.00
Contract No. 3--Water Storage Tanks	344,600.00	344,600.00	0.00	0.00	0.00
Future Construction (tanks, booster, telemetry, etc)	932,547.29	226,547.29	0.00	706,000.00	0.00
Construction Contingency	193,215.00	193,215.00	0.00	0.00	0.00
2. Technical Services					
a. Preliminary Engineering	15,000.00	15,000.00	0.00	0.00	0.00
b. Basic Engineering	280,000.00	80,000.00	0.00	0.00	200,000.00
c. Inspection	195,000.00	195,000.00	0.00	0.00	0.00
d. Special Services	30,000.00	30,000.00	0.00	0.00	0.00
3. Legal	30,000.00	30,000.00	0.00	0.00	0.00
4. Accounting	5,000.00	5,000.00	0.00	0.00	0.00
5. Sites and Other Lands	22,000.00	22,000.00	0.00	0.00	0.00
6. Administration (Marion County Commission)	30,000.00	0.00	30,000.00	0.00	0.00
7. Permits and DOH Inspection at \$0.43/ft	57,555.00	57,555.00	0.00	0.00	0.00
8. Equipment	15,000.00	15,000.00	0.00	0.00	0.00
9. Interim Financing	0.00	0.00	0.00	0.00	0.00
10. Project Contingency	23,256.00	23,256.00	0.00	0.00	0.00
11. Total of Lines 1 through 10	5,341,570.00	2,935,570.00	1,500,000.00	706,000.00	200,000.00
<b>B. Cost of Financing</b>					
12. Capitalized Interest	95,000.00	95,000.00	0.00	0.00	0.00
13. Bond Counsel	21,000.00	21,000.00	0.00	0.00	0.00
14. Total Cost of Financing (line 12 plus 13)	116,000.00	116,000.00	0.00	0.00	0.00
15. TOTAL PROJECT COST (line 11 plus line 14)	5,457,570.00	3,051,570.00	1,500,000.00	706,000.00	200,000.00
<b>C. Sources of Funds</b>					
16. Federal Grants (USDA)	1,021,570.00	1,021,570.00	0.00	0.00	0.00
17. Federal Grant (SCBG)	1,500,000.00	0.00	1,500,000.00	0.00	0.00
18. State Grants (JDC)	706,000.00	0.00	0.00	706,000.00	0.00
19. Other Grants (Consol Energy)	200,000.00	0.00	0.00	0.00	200,000.00
20. TOTAL GRANTS	3,427,570.00	1,021,570.00	1,500,000.00	706,000.00	200,000.00
21. Size of Bond Issue	2,030,000.00	2,030,000.00	0.00	0.00	0.00

*[Signature]*  
Mannington Public Service District  
5/21/2010  
Date

*[Signature]*  
Horner Brothers Engineers  
5/21/2010  
Date

IN THE COUNTY COURT OF MARION COUNTY, WEST VIRGINIA

IN RE: ORDER FIXING A DATE FOR HEARING ON THE CREATION OF  
MANNINGTON PUBLIC SERVICE DISTRICT, FOR WATER SERVICE

On this 8th day of August, 1966, at a regular session of the Court came Roderick A. Devison, Attorney at Law, representing a group of legal voters and real property owners residing in Mannington Magisterial District, Marinn County, West Virginia, and presented a petition signed by 138 residents of the above described area and moved the Court to fix a date for hearing on the creation of a public service district to serve the residents of Mannington Magisterial District outside the City of Mannington and outside the area served by Downs Public Service District.

Upon consideration whereof the Court is of opinion that a hearing should be held and it is ORDERED, ADJUDGED, and DECREED that a hearing be held to consider the creation of the proposed public service district, on August 30, 1966 at 10:00 o'clock A.M. in the Hearing Room of the County Court of Marion County. It is further ordered that this Court publish a notice as provided by law fixing the date of hearing.

Enter this 8th day of August, 1966.

(Signed)

*John Gill*  
John Gill

(Signed)

*Clyde J. Wright*  
Clyde Wright

Roderick A. Devison,  
Attorney

(Signed)

*John M. Onderko*  
John Onderko

ATTEST: A TRUE COPY

*J. T. ...*  
County Commissioners of Marion County,  
CLERK  
West Virginia

AT A REGULAR SESSION OF THE COUNTY COURT OF MARION COUNTY, WEST VIRGINIA, HELD AT THE COURT OF SAID COUNTY, TUESDAY, AUGUST 30, 1966.

IN RE: ORDER CREATING PUBLIC SERVICE DISTRICT FOR WATER SUPPLY SERVICES TO BE CALLED MANNINGTON PUBLIC SERVICE DISTRICT.

On this 30th day of August, 19 66, came a Committee composed of John Cowell, Edward N. George, and various other interested persons, THOMAS A. HITE, and RODERICK A. DEVISON, Attorneys for the petitioners, and this proceeding came on to be heard.

Thereupon, upon the petitions and the motion for the creation of a public service district for water services as provided for in Article 13-A of Chapter 16 of the Code of the State of West Virginia heretofore filed, the said Committee, by Counsel, informed the Court that there are no incorporated towns or cities nor any other public service districts lying within the boundaries of the said proposed Public Service District and moved the Court for the creation of a Public Service District embracing all of Mannington Magisterial District, outside the City of Mannington and outside the area served by Downs Public Service District, a map or plat of which District having been heretofore filed as an exhibit in this proceeding.

Thereupon, the petitioners filed certified copies of a notice published in the Fairmont Times, a newspaper, of general circulation in the area, which notice was published pursuant to order entered by this Court on the 8th day of August, 19 66.

And now came the said Committee, and directed the Court's

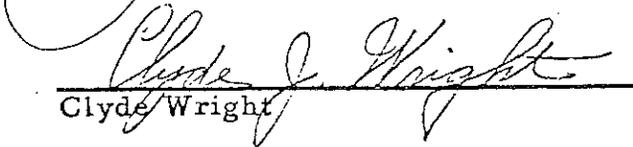


All of which is accordingly ordered and adjudged.

ENTER this 30th day of August, 1966.

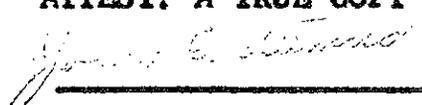
County Commissioners  
of  
Marion County,  
West Virginia

  
\_\_\_\_\_  
John Gill

  
\_\_\_\_\_  
Clyde Wright

\_\_\_\_\_  
John Onderko

**ATTEST: A TRUE COPY**

  
\_\_\_\_\_  
**CLERK**

AT A REGULAR SESSION OF THE COUNTY COURT OF MARION COUNTY, WEST VIRGINIA, HELD AT THE COURT OF SAID COUNTY, TUESDAY, AUGUST 30, 1966.

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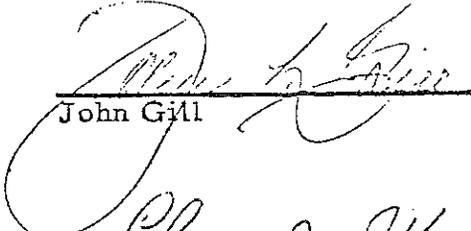
And now came the said Committee, and directed the Court's



All of which is accordingly ordered and adjudged.

ENTER this 30th day of August, 1966.

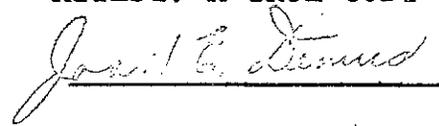
County Commissioners  
of  
Marion County,  
West Virginia

  
\_\_\_\_\_  
John Gill

  
\_\_\_\_\_  
Clyde J. Wright

\_\_\_\_\_  
John Onderko

ATTEST: A TRUE COPY

  
\_\_\_\_\_  
CLERK

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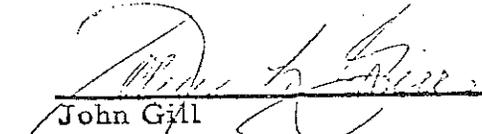
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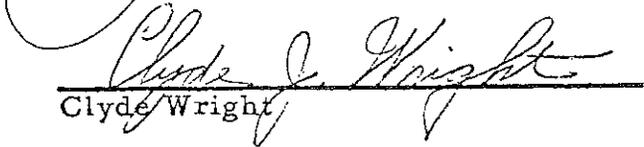
All of which is accordingly ordered and adjudged.

ENTER this 30th day of August, 1966.

  
\_\_\_\_\_  
John Gill

County Commissioners

of

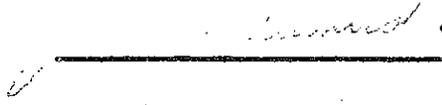
  
\_\_\_\_\_  
Clyde J. Wright

Marion County,

West Virginia

\_\_\_\_\_  
John Onderko

ATTEST: A TRUE COPY

  
\_\_\_\_\_  
CLERK

# Marion County Commission



Office of the Commissioners:  
200 Jackson Street • Room 403 • Fairmont, West Virginia 26554 • (304) 367-5400 • Fax (304) 367-5431

January 17, 2007

James Carpenter  
Rt. 2, Box 393-A  
Mannington WV 26582

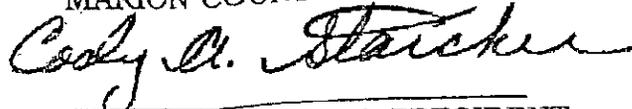
Dear Mr. Hayes:

The Marion County Commission in regular session on October 15, 2006 appointed you to serve as a member of Mannington Public Service District. Your term will expire September 1, 2011.

The Commission is pleased you have accepted this responsibility to provide service to all the residents of Marion County.

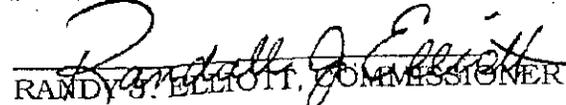
We extend to you our best wishes and full cooperation for a successful tenure.

MARION COUNTY COMMISSION



CODY A. STARCHER, PRESIDENT

  
ALAN L. PARKS, COMMISSIONER

  
RANDY S. ELLIOTT, COMMISSIONER

cc: County Clerk  
Mannington Public Service District

# Marion County Commission

ALAN L. PARKS  
*Commissioner and President*  
RANDY J. ELLIOTT  
*Commissioner*  
WAYNE A. STUTLER  
*Commissioner*



*Address Correspondence to:*  
200 JACKSON STREET • ROOM 403  
FAIRMONT, WEST VIRGINIA 26554  
(304) 367-5400  
FAX (304) 367-5431

August 27, 2008

James W. Hayes  
Rt. 2 Box 402  
Mannington, WV 26582

Dear Mr. Hayes:

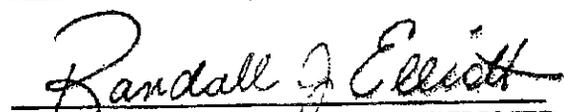
The Marion County Commission, in regular session on August 27, 2008 re-appointed you to serve as Board Member of the Mannington PSD. Your term will expire September 1, 2012.

The Commission is pleased you have accepted the responsibility to continue to serve the residents in your community.

We extend to you our best wishes and full cooperation for a successful tenure.

MARION COUNTY COMMISSION

  
ALAN L. PARKS, PRESIDENT

  
RANDY J. ELLIOTT, COMMISSIONER

  
WAYNE STUTLER, COMMISSIONER

On File at County Commission

AFFIDAVIT OF PUBLICATION

009394

State of West Virginia  
County of Marion, to wit:

I, Beverly A Miller, being first duly sworn upon my oath,

do dispose and say that I am Legal Clerk of the TIMES WEST VIRGINIAN  
a corporation, publisher of the newspaper entitled the TIMES WEST VIRGINIAN an independent news-  
paper.

that I have been authorized by the board of directors of such corporation to execute this affidavit of  
publication; that such newspaper has been published for more than one year prior to publication of the  
annexed notice described below, that such newspaper is regularly published daily except Saturday and  
Sunday, for at least fifty weeks during the calendar year, in the Municipality of Fairmont, Marion County, West  
Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three,  
chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the  
aforementioned municipality and Marion County; that such newspaper averages in length four or more pages,  
exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price, or  
consideration; that such newspaper is a newspaper to which the general public resorts for passing events of  
a political, religious, commercial or social nature, and for current happenings, announcements, this social  
news reading matter, advertisements and other notices.

RECEIVED

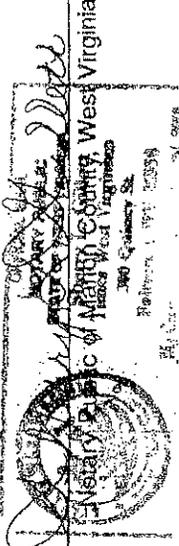
2009 JUL 29 AM 8 26

that the annexed notice of Filing was duly published  
newspaper once day for 1 successive day (Class I), commencing with  
the issue of the 22 day of July, 2009, and ending with the issue of the 22  
day of July, 2009, and was posted at the front door of the Marion County Courthouse on  
the 22 day of July, 2009; that said annexed notice was  
published on the following dates:

and the cost of publishing said annexed notice as aforesaid was \$ 205.06  
Beverly A. Miller

Taken, subscribed and sworn to before me in said county this 23 day of July, 2009

My commission expires Jan 24, 2010



## MANINGTON PUBLIC SERVICE DISTRICT

### ARTICLE I

#### NAME AND PLACE OF BUSINESS

**Section 1.** Name: MANNINGTON PUBLIC SERVICE DISTRICT.

**Section 2.** The principal office of Mannington Public Service District (the "District") will be located in, Mannington, Marion County, West Virginia.

**Section 3.** The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Mannington Public Service District, and in the center shall be inscribed the corporate seal.

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

### ARTICLE II

#### PURPOSE

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

### ARTICLE III

#### MEMBERSHIP

**Section 1.** The members of the Board of the District (the "Board") shall be those persons appointed by The County Commission of Marion County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

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

**ARTICLE IV**  
**MEETINGS OF THE PUBLIC SERVICE BOARD**

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

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

**Section 3.** Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least two (2) days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted. No business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

**PUBLIC NOTICE OF MEETINGS**

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

**A. Regular Meetings.** A notice shall be posted and maintained by the Secretary of the Board at the front door or bulletin board of the office of the District and, if different from the office, at the front door or bulletin board of the place fixed for regular meetings of the Board not less than three (3) business days before a regularly scheduled meeting is to be held, stating the date, time and place fixed and entered of record by the Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Board not less than three (3) business days before such regular meeting is to be held. The agenda listing the matters requiring official action that may be addressed at the meeting may be amended up to two (2) business days prior to the meeting. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

**B. Special Meetings.** A notice shall be posted by the Secretary of the Board at the front door or bulletin board of the office of the District and at the front door or bulletin board of the place fixed for the regular meetings of the Board not less than two (2) business days before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. In addition, a copy of the agenda listing the matters requiring official action that may be addressed at the meeting for each special meeting shall be posted at the same locations by the Secretary of the Board not less than two (2) business days before such special meeting is to be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

For the purposes of calculating the number of days in any notice period based upon business days, Saturdays, Sundays, legal holidays and the day of the meeting are not counted.

## **ARTICLE V** **OFFICERS**

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

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

## **ARTICLE VI** **DUTIES OF OFFICERS**

**Section 1.** When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

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

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

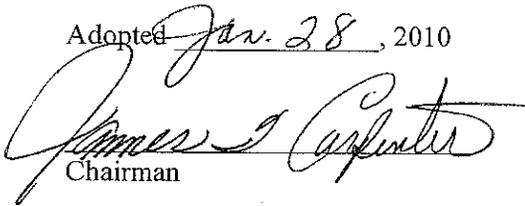
**Section 4.** If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

**ARTICLE VII**  
**AMENDMENTS TO RULES OF PROCEDURE**

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

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

Adopted Jan. 28, 2010

  
Chairman

  
Secretary

FEB.25, 2010

A MEETING OF THE MANNINGTON PUBLIC SERVICE DISTRICT WAS HELD AT THE HOMEWOOD FIRE STATION AT 7:00PM THIS EVENING.

THOSE PRESENT WERE JIM CARPENTER, CHAIRMAN, JIM HAYES, BOARD MEMBER, DAVE SMITH AND MARY JO BRAGG.

THE MEETING WAS CALLED TO ORDER BY JIM CARPENTER. THE MINUTES WERE READ AND THEN APPROVED.

DAVE GAVE A REPORT ON THE RIGHT A WAYS FOR OUR EXTENSION. THEY ARE ALMOST COMPLETE EXCEPT THREE OR FOUR THAT WILL PROBABLY HAVE TO BE CONDEMNED.

IT WAS DISCUSSED THAT WE SHOULD PURCHASE FOUR LP TANKS TO BE USED IN OUR PUMP HOUSES FOR HEAT DURING COLD WEATHER WHEN THE ELECTRIC GOES OFF AND MAYBE PURCHASE A GENERATOR, ALL OF THIS AS MONEY COMES AVAILABLE

DISCUSSED THE LEAK THAT WAS FOUND IN FISHER HOLLOW AND REPAIRED.

✓ ALSO WAS DISCUSSED AND AGREED UPON THAT JIM CARPENTER WOULD STILL BE THE CHAIRMAN OF OUR DISTRICT AND MARY JO BRAGG WOULD CONTINUE WITH THE SECY-TREAS TO THE BOARD POSITION.

AS THAT WAS ALL OF THE BUSINESS AT THAT TIME, THE MEETING WAS THEN ADJOURNED UNTIL NEXT MONTH ON MARCH 25<sup>TH</sup>.

*Mary Jo Bragg  
Sec-Treas to the Board*

*James I Carpenter  
Chairman*

*Mannington Public Service District  
691 Buffalo Brook Rd.  
Mannington, Wv 26582*

MANNINGTON PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)

EXCERPT OF MINUTES ON ADOPTION OF  
BOND RESOLUTION AND DRAW RESOLUTION

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

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Mannington Public Service District met in special session, pursuant to notice duly posted, on the 21st day of May, 2010, in Marion County, West Virginia, at the hour of 10:00 a.m.

PRESENT:	James Carpenter, Chairman	Tom Aman
	James Hayes, Member	Steve Poe
	Mary Jo Bragg, Secretary	

James Carpenter, Chairman, presided, and Mary Jo Bragg, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE CONSTRUCTION AND DESIGN OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF MANNINGTON PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,030,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF

THE BONDS; PROVIDING GENERALLY FOR THE  
RIGHTS AND REMEDIES OF AND SECURITY FOR  
THE HOLDER OF THE BONDS; AND PROVIDING  
WHEN THIS RESOLUTION SHALL TAKE EFFECT

and caused the same to be read and there was discussion. Thereupon, on motion duly made by James Carpenter and seconded by James Hayes, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

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

[Remainder of Page Intentionally Blank]

CERTIFICATION

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

Dated: May 25, 2010

  
Secretary

**WV MUNICIPAL BOND COMMISSION**

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

**NEW ISSUE REPORT FORM**

Date of Report: 25-May-10

ISSUE: Mannington Public Service District  
Water Revenue Bonds, Series 2010 A United States Department of Agriculture)

ADDRESS: Post Office Box 205, Mannington, West Virginia 26582 COUNTY: Marion

PURPOSE OF ISSUE:

New Money: x  
Refunding: \_\_\_\_\_

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 25-May-10

CLOSING DATE: 25-May-10

ISSUE AMOUNT: \$2,030,000

RATE: 2.50%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE NA

1ST DEBT SERVICE AMOUNT NA

PAYING AGENT: Issuer

BOND COUNSEL:

Firm: Steptoe & Johnson PLLC  
Contact: John Stump, Esquire  
Phone: (304) 353.8196

UNDERWRITERS COUNSEL

Firm: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

CLOSING BANK:

Bank: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

ESCROW TRUSTEE:

Firm: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT

Contact: Mary Jo Bragg  
Position: Secretary/Treasurer  
Phone: 304.986.2617

OTHER:

Agency: United States Department of Agriculture  
Contact: Joe Crickenberger  
Position: Rural Development Specialist  
Phone: (304) 636-2158

DEPOSITS TO MBC AT CLOSE

By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_  
To Escrow Trustee \$ \_\_\_\_\_  
To Issuer \$ \_\_\_\_\_  
To Cons. Invest. Fun \$ \_\_\_\_\_  
To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: Monthly debt service payments will be made directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2010 A Bonds Reserve Account. Payments into the Series 2010 A Bonds Reserve Account will commence 24 months following the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_

**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE MANNINGTON PUBLIC SERVICE DISTRICT

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

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the MANNINGTON PUBLIC SERVICE DISTRICT  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

**TWO MILLION THIRTY THOUSAND AND XX / 100 DOLLARS (\$2,030,000.00)**

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

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

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

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

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 1,021,570.00

under the terms offered by the Government; that Chairman

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

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

Yeas 2 Nays 0 Absent Open Seat

IN WITNESS WHEREOF, the Board of Directors of the

MANNINGTON PUBLIC SERVICE DISTRICT has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 31<sup>st</sup> day of July, 2008

MANNINGTON PUBLIC SERVICE DISTRICT

(SEAL)

By *James J. Carpenter*  
Title *Chairman*

Attest:  
*Mary J. Dragg*  
Title *Sec. Treas to the Board*

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as Chairman of the MANNINGTON PUBLIC SERVICE DISTRICT

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

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

held on the 25 day of May, 2010; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of \_\_\_\_\_, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 25th day of May, 2010

James F. Carpenter  
Title Chairman

MANNINGTON PUBLIC SERVICE DISTRICT

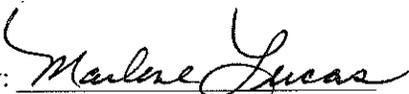
Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of First Exchange Bank, Mannington, West Virginia (the "Bank"), hereby certifies that on May 25, 2010, the Bank received an automated transfer in the amount of \$120,800 to the credit of the Series 2010 A Bonds Construction Trust Fund, Account Number 08-00593.

WITNESS my signature on this 25th day of May, 2010.

FIRST EXCHANGE BANK

By:   
Its: Authorized Officer

05.10.10  
546390.00001

CH5224799

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

THIS AGREEMENT dated \_\_\_\_\_ between

**MANNINGTON PUBLIC SERVICE DISTRICT**

a public corporation organized and operating under

**Chapter 16, Article 13A of the West Virginia Code**

*(Authorizing Statute)*

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 5,457,570 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 4,436,000 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 4,436,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 1,021,570 or 18.72% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

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

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 18.72% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

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

- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated \_\_\_\_\_, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.
- E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.
- F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.
- G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.
- H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.
- I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.
- J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.
- K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.
1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.
  2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

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

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

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

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

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

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

**All real property owned by Mannington PSD and used in association with the water system.**

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

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

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

None

M. Provide Financial Management Systems which will include:

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

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

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

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

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

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

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

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

[Revision 1, 11/20/1997]

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

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

[Revision 1, 11/20/97]

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

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

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$1,021,570.00, which it will advance to Grantee to meet not to exceed 18.72% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

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

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

Termination of This Agreement

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

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

\_\_\_\_\_

and attested and its corporate seal affixed by its duly authorized

\_\_\_\_\_

Attest:

\_\_\_\_\_

By: Mary Jo Dragg

(Title) Sec - Treas - to the Board

By: James F. Conner

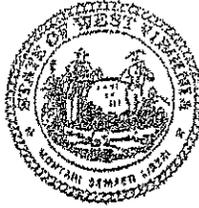
(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: John D. R...

Loan Specialist  
(Title)



OCT 14 2009

State of West Virginia  
Joe Manchin III  
Governor

Office of the Governor  
State Capitol  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Telephone: (304) 558-2000  
Toll Free: 1-888-438-2731  
FAX: (304) 342-7025  
www.wygov.org

October 13, 2009

The Honorable Randy Elliott  
President  
Marion County Commission  
200 Jackson Street  
Fairmont, West Virginia 26554

RECEIVED  
2009 NOV 16 AM 8 58  
W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

Dear Commissioner Elliott:

The Marion County Commission received a commitment of \$1,500,000 in Small Cities Block Grant funds to assist the Mannington Public Service District in extending water service to 264 new households.

In order to effectively use limited available dollars, only \$400,000 has been made available to date. Based upon the Marion County Commission's ability to proceed with this worthwhile project, I am committing the remaining \$1,100,000 from the FY2009 Small Cities Block Grant allocation. Your existing Small Cities Block Grant contract will be amended to include the additional funds.

I encourage you to expedite this project and reach its timely completion as quickly as possible. The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule as outlined in your application and Letter of Intent Status report. This obligation may be replaced with a letter of intent for consideration from future allocations. Please be advised that a letter of intent for funding consideration from future allocations is contingent upon the availability of federal funds.

I am pleased to assist with these improvements for the citizens of Marion County.

With warmest regards,

Joe Manchin III  
Governor

JM:tbn



*State of West Virginia*  
*Joe Manchin III*  
*Governor*

Office of the Governor  
State Capitol  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Telephone: (304) 558-2000  
Toll Free: 1-888-438-2731  
FAX: (304) 342-7025  
www.wv.gov.org

January 14, 2009

The Honorable Randy Elliott  
President  
Marion County Commission  
200 Jackson Street  
Fairmont, West Virginia 26554

Dear Commissioner Elliott:

On February 1, 2008, the Marion County Commission received a commitment of \$1,500,000 in Small Cities Block Grant funds to enable you to extend water service in the Brink, Curtisville, and Metz areas of Marion County.

In order to effectively use limited available dollars, only \$200,000 was made available from the FY2007 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations. Based upon the Marion County Commission's ability to proceed with this worthwhile project, I am committing another \$200,000 from the FY2008 Small Cities allocation. The remaining \$1,100,000 necessary to complete the project will be evaluated and committed in a future year allocation based on your ability to proceed forward with this project. Your existing Small Cities Block Grant contract will be amended to include the additional funds.

I encourage you to expedite this project and reach its timely completion with this funding strategy in mind. The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations. Please be advised that a letter of intent is contingent upon the availability of federal funds.

I am pleased to assist with these improvements for the citizens of Marion County.

With warmest regards,

Joe Manchin III  
Governor

JM:tbm

STATE OF WEST VIRGINIA



SMALL CITIES BLOCK GRANT AWARD

THIS IS TO CERTIFY THAT A GRANT OF \$200,000 HAS BEEN AWARDED  
TO THE MARION COUNTY COMMISSION TO EXTEND  
WATER SERVICE IN THE BRINK, CURTISVILLE, AND METZ AREAS

A handwritten signature in cursive script, appearing to read "Joe Manchin III".

JOE MANCHIN III  
GOVERNOR

**GRANT AGREEMENT**  
(2004W-795)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the MANNINGTON PUBLIC SERVICE DISTRICT (the "Governmental Agency").

**RECITALS**

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$706,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit B attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Authority and the Governmental Agency hereby agree as follows:

**TERMS**

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Grant shall not be advanced until the Governmental Agency has provided the documentation attached on Exhibit B. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit A, unless the Council and Authority are provided replacement instructions in writing.

5. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit B.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

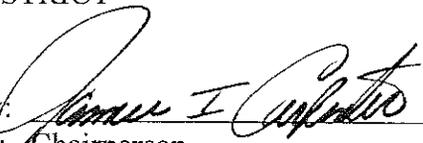
7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

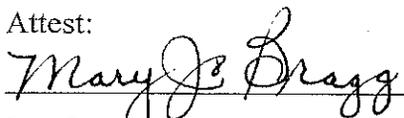
9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

IN WITNESS WHEREOF, the parties hereto have caused this Grant Agreement to be executed by the respective duly authorized officers as of the date executed below by the Authority.

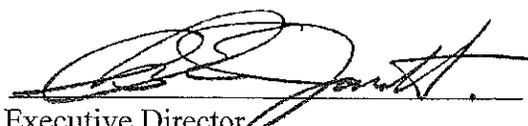
MANNINGTON PUBLIC SERVICE DISTRICT

By:   
Its: Chairperson  
Date: May 25, 2010

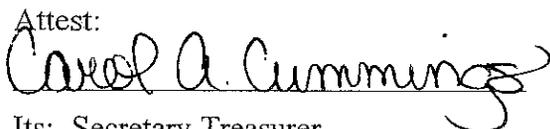
(SEAL)

Attest:  
  
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By:   
Its: Executive Director  
Date: May 25, 2010

(SEAL)

Attest:  
  
Its: Secretary-Treasurer

[To Be Placed on Letterhead]

**Exhibit A**

**Wiring Instructions**

\_\_\_\_\_, 20\_\_

**Mannington Public Service District**

\_\_\_\_\_, WV \_\_\_\_\_

Payor: West Virginia Water Development Authority  
Source: Grant Proceeds  
Amount: \$ \_\_\_\_\_  
Date: \_\_\_\_\_, 20\_\_  
Form: Electronic Funds Transfer  
Payee: Mannington Public Service District  
Bank: \_\_\_\_\_  
Bank Contact: \_\_\_\_\_  
Telephone: (304) \_\_\_\_\_  
Routing No.: \_\_\_\_\_  
Account No.: \_\_\_\_\_  
Account Name: \_\_\_\_\_

## **Exhibit B**

### **Project Description**

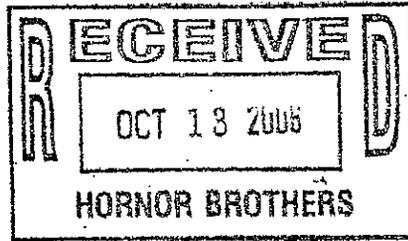
The Project will serve 210 new customers in the Metz and Flat Run areas north of the City of Mannington and the Little Dent's Run, Logansport, Curtisville, Rymer, Brink and Seven Pines areas west of the City of Mannington. The portion of the Project to be funded with the Grant consists of two new raw water storage tanks, a booster station, waterline upgrades and fire hydrants.

Prior to the Authority's advancement of the Grant proceeds, the Governmental Agency shall provide to the Council bid tabulations reflecting satisfactory bids for the approved work, any permits or permit modifications for the approved work, a final PSC Order approving the revised scope of the Project, a final title opinion for the additional scope of the Project and a revised Schedule B reflecting the final bid amounts and final Project costs. The revised Schedule B must be acceptable to the Council.





Northern West Virginia Operations  
1 Bridge Street  
Monongah, WV 26554



phone: (304) 534-4750  
fax: (304) 534-4739  
e-mail: jimmybrock@consolenergy.com  
web: www.consolenergy.com

**JIMMY A. BROCK**  
Vice President

October 10, 2006

Mr. James I. Carpenter, Chairman  
Mannington Public Service District  
P. O. Box 205  
Mannington, WV 26582

RE: Water Service Requirements and Funding Commitment

Dear Mr. Carpenter:

This letter shall confirm that CONSOL Energy is in the process of constructing the new Camp Run Portal for Robinson Run Mine near the community of Logansport which should be operational in mid 2007, as well as the Metz Portal for Loveridge Mine near the community of Metz which should be operational in late 2008. Each of these portals will individually use from 400,000 - 500,000 gallons of potable water per month. Each will have its own private storage tank (approximately 100,000 gallons each) on site for mine use.

Water service to the Camp Run Portal near Logansport shall be constructed this fall by the Mannington PSD per the approved Alternate Mainline Extension Agreement between Mannington PSD and CONSOL Energy. This extension has a budget of approximately \$160,000, which is being funded entirely by CONSOL Energy.

We understand that the Mannington PSD is also in the planning stages of a larger water system expansion project which includes service to the Metz area in the vicinity of our new Metz Portal. We also understand that your new water system will not be available for service to this portal when it opens in late 2008. However, CONSOL Energy desires for this portal to be served from your public

Mr. James I. Carpenter, Chairman  
Mannington Public Service District  
October 10, 2006  
Page 2

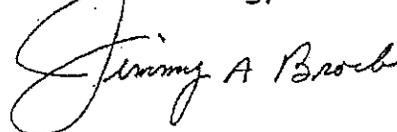
water system expansion project when it is complete. We will make temporary provisions for potable water service in the interim.

CONSOL Energy herein makes a corporate financial commitment of \$200,000 in project funding to the Mannington PSD for its water project. We understand that this \$200,000 commitment is but a portion of the total funding package being sought by the PSD. We also acknowledge that the Mannington PSD will need to raise its water rates to fund this project and that CONSOL Energy will pay for its water use at rates established by the Public Service Commission of West Virginia.

Please let us know if we can be of any assistance to you in helping to procure the balance of the project funding needed from your proposed funding agencies. If you have any questions or need additional information, please let me know.

Sincerely,

CONSOL Energy Inc.



Jimmy A. Brock  
Vice President  
Northern West Virginia Operations

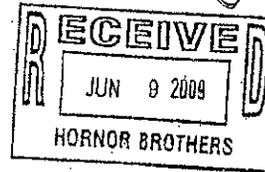
JAB/jll

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WATER PURCHASE AGREEMENT



THIS AGREEMENT, Made this 2<sup>nd</sup> day of March, 2009, by and between Mannington Public Service District, a West Virginia public service district (hereinafter "Mannington PSD"), and Consol Energy, Inc., (hereinafter "Consol").

WHEREAS, Mannington PSD is a public service district organized and existing under the laws of the State of West Virginia, which provides water service to residential and commercial customers in Marion County, West Virginia; and

WHEREAS, Consol is a corporation engaged in the business of coal extraction within the service area of Mannington PSD by way of two (2) mine portals, one of which is known as the Camp Run Portal for Robinson Run, located near Logansport, West Virginia, which portal is operational, and one of which is known as the Metz Portal for Loveridge Mine, located on Johnnycake Run in Marion County, West Virginia, which portal is under construction; and

WHEREAS, Mannington PSD is currently in the process of extending its water distribution system, to include the area where Consol has its operations; and

WHEREAS, prior to the proposed extension, Consol estimated its monthly usage of water from Mannington PSD to be 400,000 gallons per month for each mine portal, which estimate has been used to obtain financing for the water line expansion project; and

WHEREAS, the actual water usage by Consol at the Camp Run Portal is approximately 175,000 gallons per month, which amount is considerably less than the estimate of water usage provided by Consol to Mannington PSD.

---

WHEREAS, in order to facilitate the water line extension project and insure water service to its operations, Consol has agreed to pay to Mannington PSD the amount due for water usage of at least 400,000 gallons per month per portal under the terms and conditions hereinafter set forth.

NOW, THEREFORE, WITNESSETH, that for and in consideration of the covenants and agreements set forth herein, the parties hereby mutually agree as follows:

---

---

1. Consol agrees to purchase water from Mannington PSD at the legal rate established by the tariff for usage of at least 400,000 gallons of water per month per portal for any usage of water up to 400,000 gallons per month for each portal.

2. Consol shall pay the actual amount due Mannington PSD for water usage in excess of 400,000 gallons per month for each portal.

3. Mannington PSD shall credit to Consol's bill any new customer of Mannington PSD added to the PSD's water system as a result of additional, future line extensions funded by Consol, an amount equal to said new customer's minimum bill as set forth in Mannington PSD's then current tariff or \$30.00/month/customer, whichever is greater.

4. This agreement shall remain in effect until such time as Consol ceases its operations at the locations herein described, or until Mannington PSD has paid in full all debts associated with the water line extension project aforesaid, whichever occurs first.

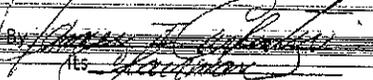
5. This agreement shall bind and inure to the benefit of the parties hereto, their successors, and assigns.

6. This instrument contains the entire agreement between the parties, and no statements, promises, or inducements made by either party or agent of any party that are not contained in this written contract shall be violat~~e~~ or binding, except that this contract may be modified or altered as required by the laws of the State of West Virginia, the rules of regulations of the West Virginia Public Service Commission, or other applicable state and federal laws.

7. Consol, a corporation, and Mannington PSD, a West Virginia public service district, have caused this document to be signed by its authorized representatives pursuant to the authority vested in them by their respective governing bodies on the day and year first above written.

WITNESS the following signatures:

MANNINGTON PUBLIC SERVICE DISTRICT,  
a West Virginia public service district

By   
165

CONSOL ENERGY, INC.,  
a corporation

By Jimmy A. Brock  
Its Senior Vice President

This Instrument was prepared by  
Jarrod G. DeVault, Attorney at Law

\*\*\*

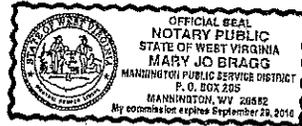
STATE OF WEST VIRGINIA,  
COUNTY OF MARION, TO-WIT:

The foregoing instrument was acknowledged before me this 5th day of  
June, 2009, by David Smith,  
of Mannington Public Service District, a West Virginia public service district, on behalf  
of said public service district.

Mary Jo Bragg  
Notary Public

My Commission Expires:

9-29-2018



\*\*\*

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

The foregoing instrument was acknowledged before me this 1st day of  
June, 2009, by Jimmy A. Brock, Senior Vice President  
of Consol Energy, Inc., a corporation, on behalf of said corporation.

Just B. Loring  
Notary Public

My Commission Expires:

June 13, 2014



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

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of  
June, 2009, by James I. Carpenter, Chairman of Mannington Public Service District, a  
West Virginia Public Service District, on behalf of said public service district.

*Mary Jo Dragg*  
\_\_\_\_\_  
Notary Public

My Commission Expires:

9-29-2018



**MANNINGTON PUBLIC SERVICE DISTRICT**  
**2004W-795**

**RESOLUTION APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WATER PROJECT AND AUTHORIZING PAYMENT THEREOF,**

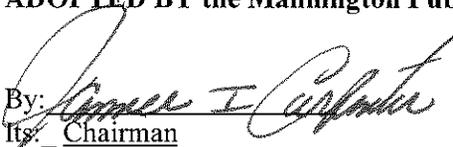
**WHEREAS**, the Mannington Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the Water Project funded by the USDA Rural Utilities Service (USDA); the WV Infrastructure & Jobs Development Council (IJDC); and Small Cities Block Grant (SCBG) and find as follows:

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

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

Vendor	Total	USDA	SCBG	IJDC
Hornor Brothers	69,026.01	69,026.01	0.00	0.00
Tharp, Liotta & Yokum	18,916.00	18,916.00	0.00	0.00
Steptoe & Johnson	21,000.00	21,000.00	0.00	0.00
Mannington PSD	8,441.00	8,441.00	0.00	0.00
WM J Yoho G.R.I.	2,100.00	2,100.00	0.00	0.00
Times WV	1,204.48	1,204.48	0.00	0.00
Total	120,687.49	120,687.49 <i>Rounded to \$120,800</i>	0.00	0.00

**ADOPTED BY the Mannington Public service District**, at the meeting held on the 21st day of May, 2010.

By:   
Its: Chairman

Contact: Trey Hornor 304.624.6445

EXPENDITURE SCHEDULE

Mannington PSD

2004W-795

RUS Loan / Grant	Per Schedule B	adjustments	revised budget	paid prior to this draw	requested this draw	Requested to date	Remaining
Contract 1	1,594,782.62	0.00	1,594,782.62	0.00	0.00	0.00	1,594,782.62
Contract 2	103,614.00	0.00	103,614.00	0.00	0.00	0.00	103,614.00
Contract 3	344,600.00	0.00	344,600.00	0.00	0.00	0.00	344,600.00
Future Construction	226,547.29	0.00	226,547.29	0.00	0.00	0.00	226,547.29
Engineering							
Preliminary	15,000.00	0.00	15,000.00	0.00	15,000.00	15,000.00	0.00
Basic	80,000.00	0.00	80,000.00	0.00	28,000.00	28,000.00	52,000.00
Inspection	195,000.00	0.00	195,000.00	0.00	0.00	0.00	195,000.00
Special Services	30,000.00	0.00	30,000.00	0.00	26,026.01	26,026.01	3,973.99
Legal	30,000.00	0.00	30,000.00	0.00	18,916.00	18,916.00	11,084.00
Accounting	5,000.00	0.00	5,000.00	0.00	0.00	0.00	5,000.00
Sites & Lands	22,000.00	0.00	22,000.00	0.00	11,745.48	11,745.48	10,254.52
Administration (County)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Permits & DOH inspection	57,555.00	0.00	57,555.00	0.00	0.00	0.00	57,555.00
Equipment	15,000.00	0.00	15,000.00	0.00	0.00	0.00	15,000.00
Project Contingency	23,256.00	0.00	23,256.00	0.00	0.00	0.00	23,256.00
Capitalized Interest	95,000.00	0.00	95,000.00	0.00	0.00	0.00	95,000.00
Bond Counsel	21,000.00	0.00	21,000.00	0.00	21,000.00	21,000.00	0.00
Contingency	193,215.09	0.00	193,215.09	0.00	0.00	0.00	193,215.09
TOTALS	3,051,570.00	0.00	3,051,570.00	0.00	120,687.49	120,687.49	2,930,882.51

SCBG	Per Schedule B	adjustments	revised budget	paid prior to this draw	requested this draw	Requested to date	Remaining
Contract 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract 2	1,470,000.00	0.00	1,470,000.00	0.00	0.00	0.00	1,470,000.00
Contract 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Future Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineering							
Preliminary	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Basic	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Special Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sites & Lands	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration (County)	30,000.00	0.00	30,000.00	0.00	0.00	0.00	30,000.00
Permits & DOH inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capitalized Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bond Counsel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	1,500,000.00	0.00	1,500,000.00	0.00	0.00	0.00	1,500,000.00

Consol Energy	Per Schedule B	adjustments	revised budget	paid prior to this draw	requested this draw	Requested to date	Remaining
Contract 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Future Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineering							
Preliminary	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Basic	200,000.00	0.00	200,000.00	196,000.00	0.00	196,000.00	4,000.00
Inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Special Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sites & Lands	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration (County)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Permits & DOH inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capitalized Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bond Counsel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	200,000.00	0.00	200,000.00	196,000.00	0.00	196,000.00	4,000.00

IJDC Grant	Per Schedule B	adjustments	revised budget	paid prior to this draw	requested this draw	Requested to date	Remaining
Contract 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Future Construction	706,000.00	0.00	706,000.00	0.00	0.00	0.00	706,000.00
Engineering							
Preliminary	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Basic	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Special Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sites & Lands	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration (County)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Permits & DOH inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capitalized Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bond Counsel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	706,000.00	0.00	706,000.00	0.00	0.00	0.00	706,000.00





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

Writer's Contact Information

## CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** May 25, 2010  
**Re:** Mannington Public Service District Water Revenue Bonds, Series 2010 A  
(United States Department of Agriculture)

---

### 1. DISBURSEMENTS TO MANNINGTON PUBLIC SERVICE DISTRICT

- A. Payor: United States of America, Department of Agriculture  
Source: Series 2010 A Bond Proceeds  
Amount: \$120,800  
Form: ACH Transfer  
Payee: Mannington Public Service District  
Bank: First Exchange Bank, 11 West Main St., Mannington, WV 26582  
Routing #: 051501354  
Account #: 08-00593  
Contact: 304.986.1700  
Account: Series 2010 Bonds Construction Trust Fund
- B. Payor: West Virginia Infrastructure Fund  
Source: Grant Proceeds  
Amount: \$-0-  
Form: Wire Transfer  
Payee: Mannington Public Service District  
Bank: First Exchange Bank, 11 West Main St., Mannington, WV 26582  
Routing #: 051501354  
Account #: 08-00593  
Contact: 304,986.1700  
Account: Series 2010 Bonds Construction Trust Fund

Draw Contact: Trey Hornor: 304.624.6445

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

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

### PERMIT

(Water)

PROJECT: Curtisville, Rymer, Brink, Metz, Condit and Seven Pines  
Water Line Extensions

PERMIT NO.: 18,247

LOCATION: near Mannington

COUNTY: Marion

DATE: 3-9-2009

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

Mannington Public Service District  
P. O. Box 205  
Mannington, West Virginia 26582

is hereby granted approval to: install approximately 33,208 LF of 8", 56,228 LF of 6", 47,261 LF of 4" and 4,185 LF of 2" water line; one (1) 20 GPM duplex water booster station with booster chlorination; one (1) 100,000 gallon and one (1) 11,500 gallon-water storage tanks; and all necessary valves, controls and appurtenances.

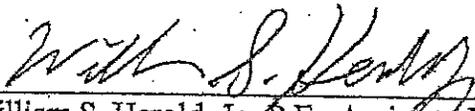
Facilities are to serve 278 potential customers in the Curtisville, Rymer, Brink, Metz, Condit and Seven Pines areas in the Mannington Public Service District.

NOTE: This permit is contingent upon: 1) All new water line and storage tanks being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new storage tanks with minimum six (6) feet high fencing and lockable gates.

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

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

FOR THE DIRECTOR

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

WSH:cls

pc:  Hornor Brothers Engineers  
James W. Ellars, P.E.  
Amy Swann, PSC  
Marion County Health Department  
OEHS-EED Philippi DO

