MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Closing Date: June 4, 2010

TRANSCRIPT OF PROCEEDINGS

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State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13A OF THE 2009 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
May 27, 2010

Natalie E Tennant

Secretary of State

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section

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§ 16-13A-1. Legislative findings

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been

unable to obtain public utility services. To further this effort, and to insure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1986, c. 81.

Cross References

County courts, authority to make grants for water and sewer systems, see § 7–1–3t.

Administrative Code References

Sewer utilities regulations, see W. Va. Code St. R. § 150–5–1 et seq.

Library References

Counties ⟹18.
Municipal Corporations ⟹5, 6.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6,

§ 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4056; Municipal Corporations ⟹ 4

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4416; Municipal Corporations ⟹ 408(1)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2355; Municipal Corporations ⟹ 4

2. In general

A public service district may be created for the purpose of furnishing water or sewer services, or both water and sewer services. Code, 16–13A–1. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 5

Creation and operation of water or sanitary districts or authorities by issuance of revenue bonds payable from revenues are authorized. Code, 16–13A–1 et seq. State ex rel. Appalachian Power Co. v. Gainer, 1965, 143 S.E.2d 351, 149 W.Va. 740. Health ⟹ 369; Waters And Water Courses ⟹ 183.5

A county court may use Federal Revenue Sharing Funds for ordinary and necessary maintenance and operating expenses for sewage disposal, sanitation, and pollution abatement, and ordinary and necessary capital expenditures authorized by law but may not use such funds for matching purposes under any other federal-aid program. 55 W.Va. Op.Atty.Gen. 116 (June 27, 1973) 1973 WL 159152.

3. Construction and application

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 80(3)

4. Eminent domain powers

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16–13A–1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⟹ 32

Condemnation by public service district is not a taking of private property for private use in violation of applicable constitutional provision. Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⟹ 13

5. Property of public service district

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⟹ 2289

6. Rates and charges for service

Relief under Federal Securities Act of 1933 was not adequate or sufficient remedy for relief sought by corporations holding sewer revenue bonds of public service district in mandamus proceeding to compel district to establish and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariff reflecting such charges with Public Service Commission, and any relief afforded under provisions of federal statute could not supersede relief which could be granted in mandamus proceeding. Securities Act of 1933, § 1 et seq., 15 U.S.C.A. § 77a et seq.; Code, 16–13A–1 et seq. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 3(8)

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operation-

al and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

It was ministerial duty of chairman of public service board of public service district to sign revenue bonds and to assist in effectuating their issuance, and in view of constitutionality of statute authorizing creation of the public service board, relator's showing of legal right to require performance of such duty, was sufficient and writ of mandamus would issue. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⟹ 103

7. Creation and enforcement of liens

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⟹ 712(7)

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⟹ 14.6; Municipal Corporations ⟹ 712(7); Waters And Water Courses ⟹ 203(14)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

8. Admissibility of evidence

Extrinsic evidence relating to background and negotiations with regard to forming a public service district were not admissible in regard to construction of a contract for furnishing of water, where contract language was clear and unambiguous that district was to furnish water as customer should require. Berkeley County Public Service Dist. v. Vitro Corp. of America, 1968, 162 S.E.2d 189, 152 W.Va. 252. Evidence ⟹ 448

9. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⟹ 190

§ 16–13A–1a. Jurisdiction of the public service commission

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters.

Acts 1986, c. 81.

Library References

Public Utilities ⟹145. Westlaw Topic No. 317A.

C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

In general 1

1. In general

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⟹ 123

Legislature sought to establish in Public Service Commission (PSC) governmental entity which would protect public from unfair rates and practices by public utilities and also ensure that public utilities are given competitive return for their stockholders. Code, 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⟹ 123; Public Utilities ⟹ 129

§ 16–13A–1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission.

Acts 1986, c. 81; Acts 1994, c. 61.

Cross References

Public Service Commission, participation in studies, see § 24–1–1b.

Library References

Counties ⟹18, 47.
Westlaw Topic No. 104.
C.J.S. Counties §§ 31, 70 to 73.

§ 16–13A–1c. General purpose of districts

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforce-

ment and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹18.
Gas ⟹12.
Municipal Corporations ⟹5, 6.
Waters and Water Courses ⟹183.5.
Westlaw Topic Nos. 104, 190, 268, 405.

C.J.S. Counties § 31.
C.J.S. Gas §§ 43 to 45.
C.J.S. Municipal Corporations § 11.
C.J.S. Waters §§ 483, 543 to 581.

§ 16–13A–2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the Secretary of State

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of the Public Service Commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: *Provided,* That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the Public Service Commission, which approval and consent shall be in accordance with rules promulgated by the Public Service Commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: *Provided, however,* That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: *Provided further,* That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district

except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing

the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the Public Service Commission for such purpose: *Provided*, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the Public Service Commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: *Provided, however*, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the Public Service Commission. The Public Service Commission may provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The Public Service Commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the Public Service Commission pursuant to this section and section one-b, of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: *Provided,* That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the Public Service Commission shall apply. The Commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: *Provided, however,* That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the Secretary of State and the Public Service Commission by the first day of July of each year.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1967, c. 105; Acts 1975, c. 140; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1995, c. 125, eff. 90 days after March 11, 1995; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2005, c. 195, eff. 90 days after April 9, 2005.

Library References

Counties ⟹47.
Municipal Corporations ⟹6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

Costs 6
Creation of public service districts 2
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Number of voters within district 5
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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24.

State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2355; Municipal Corporations ⟹ 4

2. Creation of public service districts

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A–1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⟹ 32

Where public service district was created for purpose of furnishing water services, county court had authority to add sewerage services to the facilities of the district under appropriate proceedings. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 270

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

3. District boundaries

Public service district statute that allowed county commission to designate district's boundaries did not also empower commission to make service territories exclusive, displacing Public Service Commission's (PSC) authority to determine service rights. Code, 16–13A–2. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Counties ⟹ 47

4. Notice of hearing

Provisions of statute, with respect to creation of public service districts, which relate to the filing of the petition or motion of the county court, the description of the territory to be embraced, and like provisions are mandatory; but, despite use of the word "shall," the requirements for posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 12(3); Municipal Corporations ⟹ 12(6)

Though record with respect to creation of public service district was silent with respect to posting of notice of hearing and as to whether hearing was not more than 40 nor less than 20 days after his fixing the date for hearing as provided by statute, there was substantial compliance with statute where hearing was set some time prior to the date of the hearing, there was publication of notice more than ten days prior to the date of the hearing as required, and there were no objections either before, during or after the hearing to the creation of the district or to the procedures employed in its creation. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 12(6)

5. Number of voters within district

Public service district was not void because there were not 100 legal voters owning property within the district. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 6

6. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⟹ 190

7. Referendum

A public service district, once created by county court, not subject to referendum on issue to continue or be abolished. 52 W.Va. Op.Atty. Gen. 33 (August 11, 1966) 1966 WL 87428.

§ 16–13A–3. District to be a public corporation and political subdivision; powers thereof; public service boards

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into

contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six

years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1983, c. 166; Acts 1986, c. 81; Acts 1994, c. 61; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).

"Yes, West Virginia, there is a special priority for the purchase money mortgage:" The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

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Counties ⇐18.
Municipal Corporations ⇐6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

In general 1
Criminal responsibility of members 5
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Removal of members 4
Sale of water 6
Standard of care 2
Tort Claims Act 7

1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary

for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

2. Standard of care

Public service district owes duty of reasonable care to avoid damage to property of others with respect to maintenance of water lines. McCloud v. Salt Rock Water Public Service Dist., 2000, 533 S.E.2d 679, 207 W.Va. 453. Waters And Water Courses ⟹ 205

3. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61-10-15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⟹ 55; Judges ⟹ 21

4. Removal of members

Public Service District board member can be removed by majority vote of registered voters. 51 W.Va. Op.Atty.Gen. 564 (November 10, 1965) 1965 WL 92492.

5. Criminal responsibility of members

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61-10-15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

6. Sale of water

Public Service Districts may sell, at wholesale, bulk water to other municipal corporations. 51 W.Va. Op.Atty.Gen. 739 (March 16, 1966) 1966 WL 87469.

7. Tort Claims Act

Tort Claims Act's protection extended to public service districts, under the Act's definition of political subdivision, which included the term "public service districts," despite general authorization for public service districts to "sue and be sued," in the Public Health statutes. Zirkle v. Elkins Road Public Service Dist., 2007, 655 S.E.2d 155. Waters And Water Courses ⟹ 183.5

§ 16-13A-3a. Removal of members of public service board

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal.

Acts 1963, c. 75; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⟹45.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 317A.

C.J.S. Counties § 67.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

Criminal responsibility of members 1
Ministerial officers, generally 2
Sufficiency of evidence 3

1. Criminal responsibility of members

Upon becoming member of county commission, person who is pecuniarily interested in proceeds of any contract or service with public service district violates criminal conflict of interest statute; by virtue of that position, that person has some voice, influence, or control over continuation of contract. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

2. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⟹ 55; Judges ⟹ 21

3. Sufficiency of evidence

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

Conflict of interest indictment against county commissioner was sufficient even though it did not characterize commissioner's interest as pecuniary, and commissioner was not entitled to bill of particulars. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

§ 16–13A–4. Board chairman; members' compensation; procedure; district name

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five

dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the Public Service Commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three, article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful

misconduct in the performance of their duties. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided*, That such name change will not be effective until approved by the public service commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2000, c. 199, eff. 90 days after March 11, 2000; Acts 2005, c. 196, eff. 90 days after April 8, 2005.

Library References

Counties ⟹68, 87.
Municipal Corporations ⟹161.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 107 to 118, 128.
C.J.S. Municipal Corporations §§ 372 to 390.

Notes of Decisions

In general 1

1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

§ 16–13A–5. General manager of board

The board may employ a general manager to serve a term of not more than five years and until his or her successor is employed, and his or her compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his or her time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he or she shall perform and exercise such other powers and duties as may be conferred upon him or her by the board.

Such general manager shall be chosen without regard to his or her political affiliations and upon the sole basis of his or her administrative and technical qualifications to manage public service properties and affairs of the district and he or she may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he or she is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or

another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹65, 68.
Municipal Corporations ⟹149, 161.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 390.

§ 16–13A–6. Employees of board

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⟹65, 68, 87.
Municipal Corporations ⟹149, 161, 170.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118, 128.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 405.

§ 16–13A–7. Acquisition and operation of district properties

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three, chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent

possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹107.
Municipal Corporations ⟹711.
Public Utilities ⟹114.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations § 1535.
C.J.S. Public Utilities §§ 5 to 9, 202 to 207.

§ 16–13A–8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities, stormwater facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding

and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities, a stormwater system, stormwater management program or gas facilities for water, sewer, stormwater or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways: Provided, however, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1981, c. 124; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹103, 104.
Eminent Domain ⟹6, 16.
Municipal Corporations ⟹221, 224.
Westlaw Topic Nos. 104, 148, 268.

C.J.S. Counties §§ 143 to 144, 147.
C.J.S. Municipal Corporations §§ 873 to 880.
C.J.S. Property § 17.

Notes of Decisions

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying wa-

ter and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⟹ 2289

2. In general

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2510

3. Eminent domain powers

Although construction of new facility proposed by utility will often require taking of private property through eminent domain, absent express statutory language Public Service Commission (PSC) has no duty to review and decide issues that are inherent in eminent domain proceeding. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⟹ 114

Statute providing that private property may be taken or damaged for a number of specified purposes is consonant with organic law and is constitutional. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⟹ 3

4. Valuation of property

Although landowner is competent to give estimate of value of property in eminent domain proceeding, that valuation is not conclusive; government agency may rely on appraisal report concerning estimated value of property to be taken. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Evidence ⟹ 568(4)

5. Environmental assessment

Whether construction of sewage lagoons would constitute "nuisance" does not defeat Public Service Commission's (PSC) jurisdiction to issue certificate of public convenience and necessity; while PSC may assess environmental considerations, chief inquiry by PSC is need of public for project. Code, 24–2–11. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⟹ 708

6. Connections with sewers or drains

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⟹ 712(1); Waters And Water Courses ⟹ 201

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⟹ 712(1); Waters And Water Courses ⟹ 201; Waters And Water Courses ⟹ 202

7. Public corporation

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 80(3)

§ 16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management,

maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars

has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may prescribe: *Provided,* That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities either water or sewer, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: *Provided,* That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: *Provided, however,* That any termination of water service must comply with all rules and orders of the public service commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the division of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where

there is gravity flow or transportation by any other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the division of health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the division of health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and munici-

pal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: *Provided*, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant; nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three, article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven, article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days after March 8, 2003.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).

"Yes, West Virginia, there is a special priority for the purchase money mortgage:" The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

Library References

Gas ⟹14.6.
Municipal Corporations ⟹712.
Waters and Water Courses ⟹203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

Notes of Decisions

Notice of availability of sewer service 5
Public service district liens 3
Rates and charges for service 4
Takings 2
Validity 1

1. Validity

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4416; Municipal Corporations ⟹ 408(1)

2. Takings

Public service district's requiring property owner to connect onto its sewer system and to abandon private sewer system located on property was not a taking of private property without just compensation. Const. Art. 3, § 9; Code, 16–13A–9; U.S.C.A. Const.Amend. 5. Kingmill Valley Public Service Dist. v. River-

view Estates Mobile Home Park, Inc., 1989, 386 S.E.2d 483, 182 W.Va. 116. Eminent Domain ⟹ 2.18

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2510

3. Public service district liens

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⟹ 14.6; Municipal Corporations ⟹ 712(7); Waters And Water Courses ⟹ 203(14)

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⟹ 712(7)

If owner, tenant or occupant of garage apartment did not receive notice that public service district's sewer facilities were available for apartment, district would have been without statutory authority to impose charges and a lien against apartment for sewer services, though the apartment was on a lot containing another dwelling which was properly subject to sewer service charges. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Municipal Corporations ⟹ 712(7)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

4. Rates and charges for service

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⟹ 123

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

Duty imposed on public service district, a public corporation and political subdivision of state, to establish rates and charges sufficient to pay cost of maintenance, operation and depreciation of properties of district and principal of and interest on all bonds issued by district is nondiscretionary duty which may be enforced by mandamus. Code, 16–13A–9. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 80

5. Notice of availability of sewer service

Issue of fact as to whether owner or tenant had received notice that public service district's sewer services were available for garage apartment, so as to allow imposition of sewer service charges and a lien against apartment, was not appropriate for resolution in mandamus proceeding. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Mandamus ⟹ 174

§ 16–13A–9a. Limitations with respect to foreclosure

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that

the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1982, c. 74.

Library References

Gas ⟹14.6.
Municipal Corporations ⟹712.
Waters and Water Courses ⟹203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

§ 16–13A–10. Budget

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⟹154.5.
Municipal Corporations ⟹879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

§ 16–13A–11. Accounts; audit

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders

pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine, chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⇐154.5.
Municipal Corporations ⇐879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

§ 16–13A–12. Disbursement of district funds

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇐158.
Municipal Corporations ⇐883.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 198.
C.J.S. Municipal Corporations §§ 1626, 1635.

§ 16–13A–13. Revenue bonds

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized.

Acts 1953, c. 147; Acts 1970, c. 11; Acts 1970, c. 12; Acts 1970, 1st Ex. Sess., c. 2; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1989, c. 174.

Library References

Counties ⟹174.
Municipal Corporations ⟹911.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1649.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

Two acts amending same Code section in same manner except as to maximum interest rate of bonds, enacted on same date at same legislative session, and impossible to determine which passed after the other, that having lower maximum interest rate will govern. 53 W.Va. Op.Atty.Gen. 418 (April 8, 1970) 1970 WL 116579.

§ 16–13A–14. Items included in cost of properties

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

Acts 1953, c. 147; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹154.5.
Municipal Corporations ⟹879.
Westlaw Topic Nos. 104, 268.
C.J.S. Municipal Corporations §§ 1621 to 1622.

§ 16–13A–15. Bonds may be secured by trust indenture

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable

and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

Acts 1953, c. 147.

Library References

Counties ⟹183.
Municipal Corporations ⟹950(15).
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 222.
C.J.S. Municipal Corporations §§ 1708 to 1709.

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

§ 16-13A-16. Sinking fund for revenue bonds

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions.

Acts 1953, c. 147.

Library References

Counties ⟹186.5.
Municipal Corporations ⟹951.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 16–13A–17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided.

Acts 1953, c. 147.

Library References

Counties ⇐188.
Municipal Corporations ⇐937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

§ 16–13A–18. Operating contracts

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid.

Acts 1953, c. 147.

Library References

Counties ⟹114.
Municipal Corporations ⟹328.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties § 161.
C.J.S. Municipal Corporations §§ 1027 to 1029.

§ 16–13A–18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission.

Acts 1963, c. 75; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 160, eff. 90 days after April 10, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐110.
Municipal Corporations ⇐225.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations §§ 882 to 892.

§ 16–13A–19. Statutory mortgage lien created; foreclosure thereof

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

Acts 1953, c. 147.

Library References

Counties ⇐188.
Municipal Corporations ⇐937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

§ 16–13A–20. Refunding revenue bonds

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding

bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

Acts 1953, c. 147.

Library References

Counties ⟹175.
Municipal Corporations ⟹913.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1648, 1651.

§ 16–13A–21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent.

Acts 1953, c. 147; Acts 1986, c. 81; Acts 1994, c. 61.

Library References

Counties ⟹18.
Municipal Corporations ⟹5.
Taxation ⟹2316, 3519.
Westlaw Topic Nos. 104, 268, 371.
C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

In general 2
Validity 1

1. Validity

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4056; Municipal Corporations ⟹ 4

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional

delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2355; Municipal Corporations ⟹ 4

2. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

§ 16–13A–22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards

All acts and proceedings taken by any county court of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect, for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article.

Acts 1958, c. 14; Acts 1960, c. 19.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⟹18.
Municipal Corporations ⟹5.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

§ 16–13A–23. Validation of acts and proceedings of public service boards

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect, by any county court of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act.

Acts 1958, c. 14; Acts 1960, c. 19; Acts 1965, c. 134.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⟹47.
Municipal Corporations ⟹166.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations §§ 369 to 371.

§ 16–13A–24. Acceptance of loans, grants or temporary advances

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems, stormwater systems or stormwater management systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system, stormwater system or associated stormwater management system or gas facilities, or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary

advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

Acts 1958, c. 14; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 118; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐149.
Municipal Corporations ⇐864(3).
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 185, 187.
C.J.S. Municipal Corporations §§ 1583 to 1585, 1587.

Notes of Decisions

In general 1

1. In general

The borrowing by PSD's of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. 62 W.Va. Op.Atty.Gen. 27 (May 6, 1988) 1988 WL 483331.

§ 16–13A–25. Borrowing and bond issuance; procedure

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four of this article without the prior consent and approval of the Public Service Commission: *Provided*, That approval of funding set forth in section eleven, article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after the eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(b) The Public Service Commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied with chapter five-g of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to:

(1) Experience with the same engineering firm; or

(2) Completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from the waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, two thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the Public Service Commission or a party files an objection to the request. If an objection is filed, the Public Service Commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the Public Service Commission in accordance with the provision of chapter twenty-four of this code when a public service district is seeking to acquire or construct public service property.

Acts 1969, 1st Ex. Sess., c. 6; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1996, c. 213, eff. 90 days after March 9, 1996; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2003, c. 184, eff. 90 days after March 7, 2003; Acts 2005, c. 193, eff. 90 days after April 9, 2005; Acts 2006, c. 190, eff. 90 days after March 10, 2006.

Library References

Counties ⟹114.
Municipal Corporations ⟹270.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 161.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Research References

ALR Library

101 ALR 5th 287, Remedies for Sewage Treatment Plant Alleged or Deemed to be Nuisance.

Notes of Decisions

In general 1
Certificate of public convenience and necessity 2

1. In general

Proposed sewage treatment project complied with buffer zone requirements where all parties acknowledged that distance of proposed sewage lagoons from property owners' home was further than minimum buffer-zone requirement of 300 feet; Public Service Commission relied on ample evidence in record to support claim that proposed location was both cost-effective and environmentally sound. Code, 16–13A–25, 24–2–11, 24–2–11(a). Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305.
Municipal Corporations ⟹ 708

2. Certificate of public convenience and necessity

Public Service district must obtain certificate of public convenience and necessity before it can acquire or construct public service property. Code, 16–13A–25. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305.
Public Utilities ⟹ 113

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapter 16

2009
Cumulative Annual Pocket Part

Replacing 2008 Pocket Part supplementing 2008 Main Volume

Includes laws through the 2009 Second Extraordinary Session

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Protection or the Environmental Quality Board and the authority provided herein to establish, maintain and collect rates, fees or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as the article provides for or requires the issuance of revenue bonds or the imposition of rates, fees and charges in connection with the bonds: *Provided*, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the Secretary of the Department of Environmental Protection or the Environmental Quality Board and the rights, powers and duties of the municipality and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article.

(k) The jurisdiction and authority provided by this section does not extend to highways, road and drainage easements and stormwater facilities constructed, owned or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(*l*) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such rules, regulations, fines or actions are not contrary to any rules or orders of the Public Service Commission.

(m) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct the violation of the municipal stormwater ordinance or regulation, the municipality may make or have made the corrections of the violation and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

(n) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1955, c. 135; Acts 1967, c. 105; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2008, c. 202, eff. March 8, 2008.

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section
16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

§ 16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district.

The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately water facilities, sewer facilities or stormwater facilities and the district owns and operates another kind of facility either water or sewer, or both, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer

or stormwater service fees and charges: *Provided*, That any contracts entered into by a public service district pursuant to this section shall be submitted to the Public Service Commission for approval. Any public service district which provides water and sewer service, water and stormwater service or water, sewer and stormwater service has the right to terminate water service for delinquency in payment of water, sewer or stormwater bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer or stormwater district is providing water service and the district providing sewer or stormwater service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer or stormwater district that is providing water service, upon the request of the district providing sewer or stormwater service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer or stormwater account: *Provided, however*, That any termination of water service must comply with all rules and orders of the Public Service Commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the Division of Health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the Public Service District Board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the Division of Health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the Public Service Commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the Division of Health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay, the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) The owner, tenant or occupant of any real property may be determined and declared to be served by a stormwater system only after each of the following conditions is met: (1) The district has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26; (2) the district's authority has been properly expanded to operate and maintain a stormwater system; (3) the district has made available a stormwater system where stormwater from the real property affects or drains into the stormwater system; and (4) the real property is

located in the Municipal Separate Storm Sewer System's designated service area. It is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: *Provided*, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three, article eleven, chapter twenty-two of this code, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the Department of Environmental Protection, as prescribed by section eleven of said article is exempt from the provisions of this section.

(h) A public service district which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days after March 8, 2003; Acts 2008, c. 202, eff. March 8, 2008.

§ 16-13A-15. Bonds may be secured by trust indenture

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

ARTICLE 13D

REGIONAL WATER AND WASTEWATER AUTHORITY ACT

§ 16-13D-11. Bonds may be secured by trust indenture

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

Section
16-14-1 to 16-14-3. Rep

§§ 16-14-1 to 16-14-

The repealed sections, and cosmetologists, were c
Acts 1951, c. 155.
Acts 1959, c. 139.

§ 16-15-1. Definiti

American Dream Down U.S.C.A. § 12821.
Farm housing, see 42 U.
Helping Hands for Hom U.S.C.A. §§ 1472, 12805.

§ 16-18-1. Short tit

Slum clearance and ur U.S.C.A. § 1441 et seq.

I

Section
16-19-1. Short title.
16-19-2. Applicability.
16-19-3. Definitions.
16-19-4. Who may make . donor's death,
16-19-5. Manner of maki fore donor's de
16-19-6. Amending or rev before donor's
16-19-7. Refusal to make of refusal.
16-19-8. Preclusive effect amendment, or
16-19-9. Who may make cedent's body o

ORDERS—Mason County Court, W. Va.

TERMS May 20 19 74

REVENUE SHARING FUND

No. 56	Smeltzer Nursery & Stone Yart	707.54
No. 57	Carolina Lumber & Supply Co.	214.45
No. 58	Zide's Sprot Shop	8.01
No. 59	Mason Aggregates, Inc.	509.76
No. 60	Carolina Lumber & Supply Co.	941.04
No. 61	Billy Daniel	464.40

This being the day, date and hour set for a public hearing regarding the creation of a public service district in Mason County, the following persons, all interested citizens of the county, appeared: John A. Hussell, Emma Boswell, Mrs. John A. Hussell, Mrs. Robert Boles, Mrs. Jack Jeffers, Mr. Robert Boles, Mr. and Mrs. R. O. Blain, Mr. Michael Whalen, Mrs. Clayton R. Hesson, Mrs. Clarence Hesson and Mr. George Crump.
Also appearing were Mr. Michael Shaw, attorney, and Mr. Griffin Boggess, Farmers Home Administration. Mr. Shaw explained the procedure for creating a public service district which was followed by a period of comments and questions.

Mr. Jack Burdett, Carl Cook, Lida Garland and Vicki Keefer appeared before the Court and reported progress in obtaining a one-room schoolhouse for display, in connection with the Bi-Centennial Celebration.

Mr. Ray Hayes appeared before the Court and stated that he had accepted a job at $500.00 per month with the Court at a previous meeting but had received no compensation as such and voiced his complaint regarding same.

It was moved by Mr. William Rardin, seconded by Mr. Adkins and passed by unanimous vote that two more basketball goals be purchased for recreational purposes.

The mowing of grass at the airport was discussed. It was moved by Mr. William Rardin that Straud McDermitt be hired to mow the airport grounds, seconded by Mr. Adkins, and passed by unanimous vote.

The statement of the account of Pantasote Plant Funds was presented before the Court, examined and ordered filed for the period ending April 30, 1974.

The proposal of H. D. Wallace to repair the iron fence at Mason County Memorial Park in the total amount of $307.00 was presented and approved.

No further business claiming the attention of this Court, it is ordered said Court shall stand adjourned until Tuesday, May 28th at 2:00 p.m.

Clarence Adkins, President Pro. Tem.

William H. Rardin, Jr., Commissioner

No. 22699	Oxford Chemicals	249.35
No. 22700	Sixty-Two Auto Sales	34.95
No. 22701	Weintrob Bros.	86.00
No. 22702	Geo. D. Barnard Co.	22.03
No. 22703	Pt. Pleasant Hardware	1.58
No. 22704	So. States Pt. Pleasant Coop.	2.00
No. 22705	Cleaning Supplies Co.	25.25
No. 22706	Mason Co. Insurance Agency	455.00
No. 22707	H. D. Wallace	307.00
No. 22708	Morgan's Inc.	39.48
No. 22709	Smith Plumbing & Heating	2.15
No. 22710	Hutchison Sanitary Supply	289.74
No. 22711	Casto & Harris Inc.	1376.12

REVENUE SHARING FUND

Noi.63	B & O Machine & Repair Inc.	360.32
No. 64	The Pine Log Co.	100.00

The following estates, settlements, etc., were presented and approved:

Virginia L. Dotson Barrett - Executrix of the estate of William Amos Dotson, dec'd. Appointment.
Mervin Chapman - Administrator of the estate of Esther Marie Chapman, dec'd. Appointment.
Donna M. Lucas - Executrix of the estate of James E. Lucas, Sr., dec'd. Appointment.
Rev. Marvin Goodin - Minister to perform marriage ceremony in State of West Virginia.
Hobart Dewees - Administrator for the estate of Mary Emma Dewees, dec'd. Appointment.
Dollie Delva Sturgeon - Executrix of the estate of John W. Sturgeon, dec'd. Appointment.
Millard L. Downing - Minister to perform marriage ceremony in State of West Virginia.

The Clerk of the Court reported to the Court that receipts in the amount of $179.22 were turned in at the Sheriff's Office for the week ending May 28, 1974 and the amount of $62.00 for deposit to the Sheep and Dog Fund.

The following letter was received:

May 28, 1974

Mr. William Rardin, Jr.
%Mason County Court
Point Pleasant, W. Va. 25550

Dear Mr. Rardin:

Due to my Church activities I regret to say that I cannot stay on as a member of the Mason County Building Commission.

I appreciate being elected to the Commission, but find that I could not do my best with my other involvements in Church life, so please accept my resignation.

I shall always be concerned with the betterment of Point Pleasant and Mason County.

Sincerely,

/s/ Tally Hanna

Whereupon, it was duly moved by William Rardin, seconded by Clarence Adkins and passed by unanimous vote that Mr. Hanna's resignation be accepted and that David Eisel be named to fill the vacancy created by said resignation.

The applications of Judith Ann Derenberger and Louise W. Ferrell for notary public in the County of Mason were approved and ordered certified to the Governor of State of W. Va.

The Sheriff's monthly financial statement for the month ending April 30, 1974 was presented, examined and ordered filed.

ORDERS—Mason County Court, W. Va.

TERMS May 28 19 74

unanimous vote that the following order be entered:

Pursuant to Notice duly served by publication and posting, there came on for hearing before the Court, on Monday, May 20, 1974, at 2 o'clock P.M., the subject of the creation of a public service district in Mason County, West Virginia.

After consideration of all the comments by interested citizens present, a review of the relevant law, and an awareness of the need for extended and improved public service properties, the court doth find and determine that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by a public service district will be conducive to the preservation of public health, comfort and convenience of said area.

It is, therefore, ordered that there is hereby created a public service district; the name of said public service district shall be the Mason County Public Service District; the terrirtory of which is to be all of Mason County, West Virginia; provided, however, no city, incorporated town, other municipal corporation, or any geographic area presently served by a non-profit corporation, shall be included within the bounds of such district, except upon the adoption of a resolution of the governing body of such city, incorporated town, other municipal corporation, or other non-profit corporation consenting thereto.

It is further ordered that the following three persons, all of whom reside within such district, are appointed as members of the public service district board for terms as set out herein:

1. Richard Ord, for a term of 2 years
2. James Lewis, for a term of 4 years
3. Vitus Hartley, Jr., for a term of 6 years

It is further ordered that each member shall hold his office until a successor is duly appointed and qualified.

It is further ordered that said Board shall promptly organize and enter upon its duties pursuant to Chapter 16, Article 13A, Secion 3, and succeeding sections of the Code of West Virginia.

Dated this the 28 day of May, 1974

ENTER: /s/ B. T. Robertson
President

The following letter was received:

Dear Mr. Rardin:

In response to your request for financial aid we are pleased to inform you that the Secretary of Transportation has allocated the sum of $90,000.00, under the terms of the Airport and Airway Development Act of 1970, to install obstruction lighting on Kyger Creek power plant stacks for the Mason County Airport, Point Pleasant West Virginia.

It is essential that you proceed with due diligence toward meeting the requirements for project approval and a Grant Offer. Your representative will be contacted by our Beckley Airports Field Office in the near future to establish a mutually acceptable schedule in order that a Grant Agreement may be executed as expeditiously as possible.

Sincerely,

/s/ For ROBERT H. STANTON
Director

It was duly moved by William Rardin, seconded by Basil Robertson, and passed by unanimous vote ~~that advertisements be~~ run for the erection of a firehouse building, museum building ~~and the moving of a one-room~~ schoolhouse bids.

This day appeared Ray Hayes and presented a bill dated May 2, 1974 for time for last half of April in the amount of $250.00.

ORDER BK. 41

ORDERS—Mason County Commission, W. Va.

SEP 1 8 97

TERMS_____ 19____

Upon motion by Handley and unanimous agreement, the Commission executed a resolution to participate in a certified development community program.

Upon motion by Northup and unanimous agreement, the Commission allotted $1,500.00 to the Homeless Shelter for the purchase of a new furnace.

Upon motion by Northup and unanimous agreement, the Commission agreed to dissolve the Camp Conley Public Service District pursuant to WV State Code 16-13A-3 and to further dissolve the existing Public Service Board in Camp Conley Public Service District and to enlarge the existing territory and boundaries of the Mason County Public Service District to include the Camp Conley Public Service District.

Upon motion by Handley and unanimous agreement, the Commission adopted an ordinance to provide for the assignment of names to streets and roads in the county and the posting of street signs and building numbers in Mason County, West Virginia.

Upon motion by Handley and unanimous agreement, the Commission agreed to cancel the October 30, 1997 meeting.

The minutes from the previous meeting were approved as corrected with one correction and no omissions thereto. The minutes incorrectly listed Diana Johnson, Prosecuting Attorney, as being present. However, she was absent.

Bills and purchase orders were presented for approval, reviewed by the Commission and executed as required.

Upon motion by Northup and unanimous agreement, this meeting was adjourned.

Phyllis Arthur
PHYLLIS ARTHUR, PRESIDENT

Rick J. Northup
RICK J. NORTHUP, COMMISSIONER

Rick L. Handley
RICK L. HANDLEY, COMMISSIONER

Diana N. Cromley
DIANA N. CROMLEY, CLERK

STATE OF WEST VIRGINIA, MASON COUNTY CLERK'S OFFICE
I, Diana N. Cromley, Clerk of the County Commission do hereby c[illegible] copy and tr[illegible] hand co[illegible] West Virginia, [illegible] April 4
Diana N. C[illegible]
By Diana N. Cromley Deputy Clerk

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof on Thursday, April 30, 1998, at 6 00 p m for a public hearing on the matter of the merger/consolidation of the Mason County Public Service District and the Camp Conley Public Service District Present were Phyllis A Arthur, President, Rick I Northup and Rick Handley, Commissioners and John D Gerlach, County Administrator

President Arthur called the meeting to order

R Michael Shaw, counsel for the Mason County Commission, presented the following letter to the Commission for review.

R. MICHAEL SHAW, L.C.
ATTORNEY AT LAW
610 MAIN STREET
P O BOX 3
POINT PLEASANT, WEST VIRGINIA 25550
Telephone (304) 675-2660 Fax (304) 675-2664

29 April 1998

Mason County Commission
Courthouse
Point Pleasant, WV 25550

Re:

Dear Commissioners:

This letter is to confirm that I am employed by the Mason County Commission to represent the Commission and the Mason County Public Service District in the proposed merger of the Mason County Public Service District and the Camp Conley District. I want to make it very clear that I do not represent Camp Conley in this proposed merger or acquisition or consolidation or whatever we determine the proper term to be.

I look forward to the public hearing to be held this coming Thursday, April 30, 1998, at 6:00 P.M.

Yours very truly,

R. Michael Shaw

RMS:roc
xc: Public Service Commission
Camp Conley

ORDERS—Mason County Commission, W. Va. 59-B

TERMS _____ 19____

Mr Shaw then presented the following affidavit for publication and affidavit for posting for review

AFFIDAVIT OF POSTING

STATE OF WEST VIRGINIA

COUNTY OF MASON, TO-WIT.

Before me, the undersigned Notary Public, personally appeared Mary M. Rieger, who after being duly sworn, according to law, deposes and says

1 That I on April 21, 1998 did post the Order for a Public Hearing concerning the proposed consolidation of the Mason County Public Service District and the Camp Conley Public Service District in five (5) conspicuous places in and around Mason County, West Virginia

And further affiant saith naught, this the ____ day of April, 1998.

MARY M RIEGER

Taken and subscribed before me in my said County and State this the 30 day of April, 1998.

My commission expires 1.28.18

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
M. MICHAEL SHAW

Notary Public.

MICHAEL SHAW LC
ATTORNEY AT LAW

Upon motion by Northup and unanimous agreement, the Commission agreed to expand the time frame for a judgment to be rendered by the administrative judge of the Public Service Commission for the merger/consolidation of the Mason County Public Service District and the Camp Conley Service District

Upon motion by Handley and unanimous agreement, the following order was approved for the merger/consolidation of the Mason County Public Service District and the Camp Conley Public Service District

BEFORE THE COUNTY COMMISSION OF
MASON COUNTY, WEST VIRGINIA

IN RE:

CONSOLIDATION OF THE MASON
COUNTY PUBLIC SERVICE DISTRICT
AND THE CAMP CONLEY PUBLIC
SERVICE DISTRICT

COMES NOW, the Mason County Commission, by R. Michael Shaw, its attorney and represents unto the Public Service Commission as follows:

1. That a public hearing has been scheduled by the Mason County Commission on the above-referenced consolidation matter for Thursday, April 30, 1998, at 6:00 P.M. in the Courthouse of Mason County, West Virginia, in Point Pleasant, West Virginia.

2. That after the Mason County Commission rules on the proposed consolidation in this proceeding, the Public Service Commission, itself, will hold a public hearing in the County in order to make a determination regarding its ruling.

3. That the time frame within which the Administrative Law Judge has been ordered to file his opinion is too restrictive in view of the proceedings which must go on prior to the Public Service Commission making a ruling.

59-D

ORDERS—Mason County Commission, W. Va.

TERMS_____ _____19. ____

WHEREFORE, your Movant prays that the time frame within which the Administrative Law Judge in this proceeding must rule be expanded to allow your Movant the time to review and correct deficiencies in this filing and to allow for the Mason County Commission and the Public Service Commission to hold the two public hearings required in this proceeding.

DATED this the 30th day of April, 1998.

ENTERED this 30th day of April, 1998.

Mason County Commission

By Counsel:

R. Michael Shaw

MICHAEL SHAW L.C.
ATTORNEY AT LAW
POINT PLEASANT, W. VA.

BEFORE THE COUNTY COMMISSION OF
MASON COUNTY, WEST VIRGINIA

IN RE:

CONSOLIDATION OF THE MASON
COUNTY PUBLIC SERVICE DISTRICT
AND THE CAMP CONLEY PUBLIC
SERVICE DISTRICT

WHEREAS, the two above-referred Public Service Districts have advised the County Commission that the Districts desire to consolidate and merge their respective entities; and

WHEREAS, the law requires that this Commission enter an Order acknowledging the intention of the respective Commissions to so do; and

WHEREAS, the law further requires that the Commission schedule a public hearing on the proposed consolidation or merger for the purpose of giving the members of the public-at-large a right to comment with regard to the said consolidation or merger; and

WHEREAS, the respective Public Service Districts would not be changing their geographic identities other than the consolidation or merger thereof.

NOW, THEREFORE, it is ORDERED as follows:

1. That a public hearing is scheduled to be held on April 30, 1998, at 6:00 P.M. in the Office of the County Commission in the Courthouse in Point Pleasant, West Virginia. At said public hearing the

County Commission shall consider entering an Order consolidating and/or merging the Mason County Public Service District and the Camp Conley Public Service District.

2. This Order shall be published in the *Point Pleasant Register* at least ten (10) days prior to the aforesaid hearing date.

3. Copies of this Order shall be posted in five (5) conspicuous places in and about Mason County, West Virginia.

4. At the aforesaid public hearing, the County Commission shall give all persons the right to be heard and to state his or her opinion.

DATED this the 16th day of April, 1998.

ENTERED this 16th day of April, 1998.

President, Mason County Commission

MICHAEL SHAW LC
ATTORNEY AT LAW
POINT PLEASANT, W. VA.

ORDERS—Mason County Commission, W. Va. 59-6

TERMS _____ 19____

LEGAL

ORE THE COUNTY
MISSION OF MASON
UNTY, WEST VIRGINIA

E:
SOLIDATION OF THE
ON COUNTY PUBLIC
VICE DISTRICT AND
CAMP CONLEY
LIC SERVICE DISTRICT
HEREAS, the two

above-referred Public Service Districts have advised the County Commission that the Districts desire to consolidate and emerge their respective entities; and

WHEREAS, the law requires that this Commission enter an Order acknowledging the intention of the respective Commissions to so do; and

sons the right to be heard and to state his or her opinion.

DATED this the 16th day of April, 1998.
ENTERED this 16th day of April, 1998.

Phyllis A. Arthur
President, Mason County Comm.

4/20-1t

...vit of Publication

...signed authority in and for the said county of

of April 1998, Christy Williams,

...and deposes and say that she is employee

of The ... general circulation, printed, published and

circula...

Legal

hereto ... newspaper for (1) one consecutive weeks, the

first ... made as aforesaid in the issue of twentieth day of

April ... 20th day of April 1998.

Christy Williams

Tak... before me in my said County, this 20th day of

April ... of the Waters.

Notary Public.

My commission expires January 29, 2002.

Publication fee, $32.76

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRIAN BILLINGS
[illegible] 7TH STREET
POINT PLEASANT, WV [illegible]
My Commission Expires January 29, 2002

President Arthur opened the floor up for comments relative to said order No comments were received

Upon motion by Handley and unanimous agreement, the Commission agreed to proceed with the merger/consolidation according to law

Upon motion by Handley and unanimous agreement, this meeting was adjourned

Phyllis A Arthur
PHYLLIS A ARTHUR, PRESIDENT

Rick J Northup
RICK J NORTHUP, COMMISSIONER

Rick L Handley
RICK L HANDLEY, COMMISSIONER

Diana N Cromley
DIANA N CROMLEY, CLERK

ORIGINAL

ENTERED

CD 98M Page _____

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-22-98

Entered: July 2, 1998

CASE NO. 97-1394-PSWD-PC

MASON COUNTY COMMISSION
Petition for consent and approval
to merge and/or consolidate the
Mason County Public Service
District and Camp Conley Public
Service District.

RECOMMENDED DECISION

PROCEDURE

On October 14, 1997, the Mason County Commission (Petitioner) filed a petition with the Public Service Commission seeking approval to merge and/or consolidate the Mason County Public Service District (Mason County) and the Camp Conley Public Service District (Camp Conley).

By Order dated November 3, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before May 12, 1998. By subsequent Order dated March 11, 1998, the decision due date of May 12, 1998, was extended until August 12, 1998.

On February 10, 1998, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division.

Messrs. Boggess and Toon explained that the Mason County Commission had not submitted an Affidavit of Publication which showed that publication of the Petitioner's notice of public hearing had been published at least ten days but not more than forty days from the date of the County Commission's public hearing. Also no documentation was submitted to show that notices of the hearing had been posted in at least five places in the territory affected. Staff explained that the Mason County Commission must make proper publication and posting before a final recommendation could be made.

On May 21, 1998, Staff Attorney Toon filed the Further Final Joint Staff Memorandum to which was attached the Further Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division. The required documentation regarding publication and posting of notices for the County Commission's April 30, 1998 hearing was submitted. Messrs. Boggess and Toon explained that the Camp Conley Public Service District has been operating with two Board Members for some time and there is little interest in the community for a third. The two Board

Members wish to relinquish control of the Camp Conley Public Service District to Mason County, which the Board Members feel is better equipped to adequately maintain the water and sewer systems.

Staff further explained that Camp Conley Public Service District was created in 1959 to provide water and sewer service and was certificated in February 1961 by Commission Order in Case No. 5201. Upon Public Service Commission approval of the Mason County Commission Order in this case, the service boundaries of the Camp Conley Public Service District will be dissolved and the Mason County Public Service District will assume full operation and management of both the water and sewer systems. The Camp Conley Public Service District has a long-term indebtedness to the USDA Rural Development. The maturity date for the bonds is the year 2020. The balance of this debt is $405,027, as of June, 1997. Mason County will adopt the current tariff of the Camp Conley Public Service District.

As of June 30, 1998, Camp Conley had cash assets as follows:

Cash and working funds	$ 9,259
Temporary cash investments	121,625
Other investments	27,400
Total	$158,284

Camp Conley had indicated to Staff that some of its cash assets would be extended to "get the system in shape" before turning it over to Mason County.

Staff further explained that, in Case No. 96-0240-PSD-S-PC, the Huntington Sanitary Board acquired the Monel Park Public Sewer Service District. Monel Park had accumulated significant cash assets. The Commission approved an agreement between the District and the Board which contains stipulations as to the disposition of those cash assets. (See Recommended Decision entered February 19, 1997, which became a final order of the Commission March 3, 1997). Staff had reviewed the agreement and recommended inclusion of some of the clauses in this take-over. The provisions for inclusion in this case are as follows:

A. The cash assets of the Camp Conley Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for repairs, replacements and extensions to Camp Conley. The accrued interest from this account remains part of the account.

B. Mason County Public Service District shall adopt the Camp Conley Public Service District tariff and continue to charge Camp Conley's customers by this tariff. Mason County shall maintain a separate financial and statistical account of Camp Conley's operations.

C. After all financial obligations of Camp Conley are met, any surplus cash shall be deposited into the restricted cash account as set forth in paragraph A.

Staff recommended that the petition for merger of the two public service districts be approved, subject to the conditions set forth herein.

By Order dated May 29, 1998, this matter was set for hearing to be held in the Council Chambers, City Building, Point Pleasant, West Virginia, on June 16, 1998. Said Order also provided that the Mason County Commission published a notice of hearing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Mason County. The proper affidavit of publication reflecting publication was made of the Notice of Hearing was provided by facsimile transmission received June 9, 1998.

The hearing was held as scheduled. The Mason County Commission appeared by its Administrator, Mr. John Gerlach. Commission Staff appeared by Staff Attorney Cassius H. Toon. No one appeared at the hearing in protest to the Mason County Commission's petition.

FINDINGS OF FACT

1. On October 14, 1997, the Mason County Commission filed a petition with the Public Service Commission seeking approval to merge and/or consolidate the Mason County Public Service District and the Camp Conley Public Service District. (See, Petition).

2. On May 21, 1998, Staff Attorney Toon filed the Further Final Joint Staff Memorandum to which was attached the Further Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division, in which Staff recommended approval of the merger since it appears that the Mason County Public Service District is better equipped to adequately maintain the Camp Conley water and sewer systems. (See Further Final Staff Memorandum filed May 21, 1998).

3. Staff explained that Camp Conley had cash assets in the amount of $158,284 and recommended that the provisions set forth in Appendix A to this Order be applied to this transaction. (See Further Final Staff Memorandum filed May 21, 1998; Appendix A).

CONCLUSIONS OF LAW

1. The Administrative Law Judge is of the opinion and finds that, since the Mason County Commission has substantially complied with the provisions of West Virginia Code §16-13A-2, and no one appeared at the hearing in protest to the petition after proper notice was given, the Order of the Mason County Commission can be approved, as unprotested.

2. The Staff recommended actions, as set forth in Appendix A to this Order should be implemented by the Mason County Public Service District in handling the cash assets of Camp Conley Public Service District.

ORDER

IT IS, THEREFORE, ORDERED that the May 8, 1998 Order of the Mason County Commission, filed on May 11, 1998, merging and consolidating the Mason County Public Service District and the Camp Conley Public Service District, be, and the same hereby is, approved.

Public Service Commission
of W[redacted]
Ch[redacted]

IT IS FURTHER ORDERED that the Mason County Public Service District implement the Staff-recommended provisions set forth on Appendix A for handling the cash assets of the Camp Conley Public Service District.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:dfs

APPENDIX A

MASON COUNTY COMMISSION
CASE NO. 97-1394-PSWD-PC

STAFF-RECOMMENDED ACTIONS
FOR USE BY THE MASON COUNTY PUBLIC SERVICE DISTRICT

A. The cash assets of the Camp Conley Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for repairs, replacements and extensions to Camp Conley. The accrued interest from this account remains part of the account.

B. Mason County Public Service District shall adopt the Camp Conley Public Service District tariff and continue to charge Camp Conley's customers by this tariff. Mason County shall maintain a separate financial and statistical account of Camp Conley's operations.

C. After all financial obligations of Camp Conley are met, any surplus cash shall be deposited into the restricted cash account as set forth in paragraph A.

Public Service Commission
of [redacted]

Upon motion by Northup and unanimous agreement, the Commission agreed to the assigning of a cable franchise agreement from Rifkin and Associates to Interlink Communications.

Upon motion by Handley and unanimous agreement, the Commission entered into an agreement with Bell Atlantic for long distance service for pay phones in the Mason County Jail, in which the county will receive twenty percent of monies.

Upon motion by Handley and unanimous agreement, the Commission agreed to designate the Mason County Public Service District as the county's sewer authority for all areas not having an existing sewer authority.

Upon motion by Handley and unanimous agreement, the Commission reappointed John Collins to the Building Commission for a three year term.

The Commission discussed a donation request from the Miss Mason County/Miss Point P'easant scholarship pageant. The Commission agreed to check with the Prosecuting Attorney to see if they can grant the money.

Upon motion by Handley and unanimous agreement, the Commission approved the hiring of Chapman Technical Group as architect for the new health department.

Commissioner Handley discussed with the Commission a recent letter to the editor regarding the county financial statement He requested that the writer be invited to a meeting in the near future to discuss this matter.

Mindy Kearns was present to express her desire to resign from her position on the Ambulance Authority Board. The Commission will appoint someone in her place at a later date.

Upon motion by Handley and unanimous agreement, the following Estate Appointments, Oath, Bond, Guardian Appointment, Order Appointing Fiduciary Commissioner, Waiver of Final Settlement, Minister To Perform Marriages, Commissioners Report of Claims and Annual Settlement, Final Settlements and Application for Correction of Erroneous Assessment were approved:

ORDERS—Mason County Commission, W. Va.

TERMS NOV 19 1998 19

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof on Thursday, November 19, 1998, at 7 00 p m Present were Phyllis Arthur, President, Rick J Northup and Rick L Handley, Commissioners; Diana N Cromley, Clerk, and John D Gerlach, County Administrator.

President Arthur called the meeting to order The Commission requested a moment of silence in remembrance of Dr Sam McNeill who served as EOS Physician Director Diana Cromley gave the opening prayer.

Nancy Baker of the Leon 4-H Club was represented by her mother to request assistance from the Commission to build a walking track behind the Leon Clinic They have already received $5,000 00 from the Jackson Foundation They will need an additional $2,800 00 to complete this project. The Commission agreed to ask the Prosecuting Attorney to research this matter and report her findings at a later date

The Commission agreed to begin looking for a new EOS Physician Director

The Commission agreed to ask the Mason County Fair Board to redo their bid procedure and begin doing formal bids on tractor and other equipment purchases

Upon motion by Handley and unanimous agreement, the Commission executed a fuel farm contract for the Mason County Airport.

The Commission was informed that construction has begun on the front of the Annex Building to make it handicapped accessible

The Commission was also informed that the AARP has no use for the blue van which was discussed at an earlier meeting The Commission agreed to give the van to the maintenance department to replace the van they are currently using.

The Commission announced that a public hearing would be held on December 17, 1998 at 6.30 p.m. to receive comment on the Mason County Public Service District being designated as a county-wide sewer authority for those who do not have one in place.

ORDERS—Mason County Commission, W. Va.

Book 42
Page 364a

TERMS. DEC 11 1990 19

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof for a public hearing to seek the approval to designate the Mason County Public Service District as sewer authority for all areas of the county not presently served by an existing authority. Present were Phyllis A. Arthur, President; Rick J. Northup, Commissioner; John D. Gerlach, Administrator; and Randy Grinstead, Public Service District Manager.

Sam Juniper, Point Pleasant resident, was the only member of the public present to discuss this issue with the Commission. Mr. Juniper spoke in opposition of the proposal inasmuch as he felt that the cost per month for taxpayers and those on fixed incomes would be too great.

A general discussion followed as Randy Grinstead and the Commission attempted to explain exactly what was being proposed and why there wouldn't be an initial direct cost to the taxpayers who were not serviced for sewer by the Mason County Public Service District.

With no further comments from the public, the Commission closed the public hearing.

Phyllis A. Arthur
PHYLLIS A. ARTHUR, PRESIDENT

Rick J. Northup
RICK J. NORTHUP, COMMISSIONER

Diana N. Cromley
DIANA N. CROMLEY, CLERK

ORDERS—Mason County Commission, W. Va.

TERMS JAN 14 1999 19

Upon motion by Arthur and unanimous agreement, the Commission agreed to sponsor an application for the walkways and a bike path in Point Pleasant Riverfront Park.

David Nibert was present to discuss the Gallipolis Ferry Community Center. He informed the Commission that his client was not offering his property for sale at this time. The Commission will meet with Mr. Nibert and his client as well as others in Gallipolis Ferry interested in this project and discuss it further in the future.

Randy Grinstead and Gary Jarrell were present to discuss the matter of granting of sewer authority to the PSD.

Upon motion by Handley and unanimous agreement, the Commission gave sewer authority to the Mason County Public Service District all over the county except where the sewer system is already provided for by municipalities.

As requested by the Mason County 4-H Leaders, the Commission agreed to apply for a Jackson Foundation Grant for the basketball courts at the 4-H Campground.

Matt Musgrave requested that the County Commission purchase doors for the EMS building in Point Pleasant and that he would reimburse the Commission for the cost before June 30, 1999.

The Commission will check with the Prosecuting Attorney about this and discuss this matter at a later date.

Administrator Gerlach reported that he spoke with Coaxial Cable and asked them to attend a meeting of the County Commission to discuss concerns brought up at an earlier meeting. They agreed to attend either the January 28th meeting or a meeting in February but stated that they wanted to contact Sam Juniper personally to find out what type of problems he was having with his cable provider.

Commissioner Arthur stated that she wanted the Commission to consider hiring someone in the future for flood plain management, litter control and grant writing.

Upon motion by Handley and unanimous agreement, the following Estate Appointments and Appointment For A Minister To Perform Marriages were approved:

ORDERS—Mason County Commission, W. Va.

JAN 2 8 1999

TERMS _____ 19____

Administrator Gerlach reported that Diana Johnson, Prosecuting Attorney, requested that the Commission reassign parking spaces to the employees of the Courthouse.

The Commission replied that they did not feel they had the right to assign spaces and the spaces should be taken on a first come first serve basis.

Administrator Gerlach reported that the Health Department ramp was completed except for the railing which will be installed soon.

Upon motion by Arthur and unanimous agreement, the Commission executed a resolution for granting sewer authority to the Mason County Public Service District.

Upon motion by Arthur and unanimous agreement, the Commission approved the first budget revision of the 1998-1999 fiscal year in the amount of $179,555.00. A copy of said revision is attached hereto:

CIO BD 1180 (Rev 1999)

Department of Tax and Revenue
Chief Inspector Division
P O Box 3102
Charleston WV 25334 3102

CONTROL NUMBER

99 (TY) 01 (FUND) 1 (REV NO) 1 of (FC OF NC)

REQUEST FOR REVISION TO APPROVED BUDGET
(§ 11 P 26a)

Mason County Commission
GOVERNMENTAL ENTITY

200 Sixth Street
STREET OR P O BOX

Point Pleasant WV 25550
CITY ZIP CODE

RECEIPTS (net each acct)

ACCOUNT NUMBER	ACCOUNT CATEGORY	APPROVED AMOUNT	DEBIT (INCREASE)	CREDIT (DECREASE)	REVISED AMOUNT
299	Fund Balance	-0-	179,555		179,555

NET INCREASE/(~~DECREASE~~) 179,555

EXPENDITURES: (net each acct.)

ACCOUNT NUMBER	ACCOUNT CATEGORY	APPROVED AMOUNT	DEBIT (INCREASE)	CREDIT (DECREASE)	REVISED AMOUNT
401	Co. Comm.	344,945	10,000		354,945
402	Co. Clk.	281,490	3,500		284,990
405	Pros. Atty.	209,794	12,000		221,794
406	Assessor	246,730	10,000		256,730
412	Ag. Agent	69,280	1,500		70,780
424	Ct. House	355,950	70,000		425,950
711	Emer. Sers.	44,621	21,700		66,321
712	911	304,126	28,355		332,481
716	Dog Warden	58,800	10,000		68,800

NET INCREASE/(~~DECREASE~~) 179,555

DEPARTMENT OF TAX AND REVENUE USE ONLY

POSTED _____ BY _____

FOR THE STATE TAX COMMISSIONER BY

DIRECTOR CHIEF INSPECTOR DIVISION

Robt. J. Northup
AUTHORIZED SIGNATURE FOR GOVERNING BODY

88 2/4
ENTITY APPROVAL DATE

COUNTIES ONLY

TRANSFERS TO THE GENERAL FUND FROM SPECIAL FUNDS CREATED PURSUANT TO WEST VIRGINIA CODE § 7 1-9 MUST BE ACCOMPANIED BY PRIOR WRITTEN APPROVAL FROM THE STATE TAX COMMISSIONER

PLEASE NOTE: SUBMIT WHITE AND PINK COPIES TO DEPARTMENT OF TAX AND REVENUE. RETAIN YELLOW COPY AS RECORD OF SUBMISSION.

ORDERS—Mason County Commission, W. Va.

TERMS JAN 28 1999 19

:R: BR 1180S
IDGET REVISION REQUEST—SUPPLEMENT

99 01 1 2 of

:(not each acct.)

ACCOUNT NUMBER	ACCOUNT CATEGORY	APPROVED AMOUNT	DEBIT	CREDIT	REVISED AMOUNT
900	Parks & Rec.	12,500	2,500		15,000
904	Farm Museum	7,500	10,000		17,500

RICK NORTHUP, President
POINT PLEASANT, WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT, WV

PHYLLIS A. ARTHUR, Commissioner
NEW HAVEN, WV

RICK HANDLEY, Commissioner
POINT PLEASANT, WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

RESOLUTION

Whereas, the Mason County Commission is seeking to grant county-wide sewer authortiy to the Mason County Public Service District for all areas of the county not presently governed by an existing sewer authority:

Whereas, the Mason County Commission has complied with state law and conducted a public hearing on said matter and adequately posted notice of same;

Be it hereby resolved, that, the Mason County Commission does hereby grant the Mason County Public Service District sewer authority subject to the above stated condition and is asking for Public Service Commission approval of the same.

Given this the 28th day of January, 1999.

Rick J. Northup, President

Phyllis A. Arthur, Commissioner

Rick L. Handley, Commissioner

TESTE:

Diana N. Cromley, Clerk

PUBLIC SERVICE COMMISSION

OF WEST VIRGINIA

CHARLESTON

Entered: November 30, 1999

FINAL 12/20/99

CASE NO. 99-0273-PWD-PC

MASON COUNTY COMMISSION
Petition for consent and approval to authorize Mason County Public Service District to provide county-wide sewer service to all areas of the county not presently governed by an existing sewer authority.

RECOMMENDED DECISION

On February 22, 1999, the Mason County Commission (County Commission) filed a petition for consent and approval to authorize the Mason County Public Service District to provide county-wide sewer service for all areas in the County not presently served by an existing sewer authority. Attached to the letter/petition was a certified copy of the County Commission's Order of January 28, 1999, adopting the modification.

On March 19, 1999, Staff Attorney Cecelia G. Jarrell filed an Initial Joint Staff Memorandum to which was attached the Initial Internal Memorandum prepared by Mr. Robert M. Hubbard, Senior Utilities Analyst, Water and Wastewater Division. Staff explained that the petition filed by the Mason County Commission seeks to authorize the Mason County Public Service District to provide county-wide sewer service for all areas not presently served by an existing sewer authority. The District is presently providing water service only and desires to additionally provide sewer service.

By Order dated March 22, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before September 20, 1999.

On April 16, 1999, the County Commission filed a certified copy of the minutes of its December 17, 1998 hearing at which it adopted the modification and information regarding the posting of notice for the December 1998 hearing.

On August 30, 1999, Staff Attorney Cecelia G. Jarrell filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Mr. Robert M. Hubbard, Senior Utilities Analyst, Water and Wastewater Division. Staff recommended approval of the petition to allow the Mason County Public Service District to provide

county-wide sewer service to all areas in the County that are not presently served by any city, municipality or any other existing sewer authority. However, in order to comply with the provisions of West Virginia Code §16-13A-2, which required that no city, incorporated town or municipal corporation shall be included within the boundaries of such a proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or municipal corporation consenting thereto. Staff recommended that the Mason County Commission amend its original resolution to exclude the municipalities of Point Pleasant, Mason, Leon, Hartford, Henderson and New Haven, West Virginia, and provide that sewer service may only be provided within any of these municipalities upon the adoption of a resolution of the governing body naming the Mason County Public Service District as its designated sewer service provider.

On September 10, 1999, Commission Staff filed a petition to extend the decision due date herein.

By Commission Order dated September 14, 1999, the Administrative Law Judge's decision due date of Septembe 20, 1999, was extended until December 20, 1999.

On September 22, 1999, the Mason County Commission provided an amended resolution adopted on Septembe 16, 1999, wherein it amended its original resolution to exclude the municipalities of Point Pleasant, Mason, Leon Hartford, Henderson and New Haven, West Virginia, from the county-wide sewer authority granted to the Maso County Public Service District. (See resolution filed September 22, 1999)

By Order dated October 19, 1999, this matter was set for a hearing to be held in Point Pleasant, Mason County, o November 16, 1999. Said Order also required that the Mason County Commission give notice of the hearing to be hel on November 16, 1999, by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary o State, published and of general circulation in Mason County.

The hearing was held as scheduled on November 16, 1999. The Mason County Commission appeared by it Administrator, Mr. John Gerlach. Commission Staff was represented by Staff Attorney Cecelia Jarrell. Mr. Gerlach presented a proper affidavit of publication reflecting that publication was made in accordance with the Commission's requirements.

No one appeared in protest to the petition. Ms. Jarrell explained that, since the Mason County Commission had taken action to amend its resolution specifically excluding the seven municipalities and it appears that all other procedural matters have been done properly, Staff recommended approval of the petition.

FINDINGS OF FACT

1. On February 22, 1999, the Mason County Commission filed a petition for consent and approval to authorize the Mason County Public Service District to provide county-wide sewer service for all areas in

Mason County not presently served by an existing sewer authority (See petition).

2. On August 30, 1999, Staff Attorney Cecelia G. Jarrell filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Mr. Robert M. Hubbard, Senior Utilities Analyst, Water and Wastewater Division. Staff recommended that, in order for the Mason County Commission resolution to comply with the provisions of West Virginia Code §16-13A-2, the Mason County Commission amend its resolution to exclude the seven municipalities of Point Pleasant, Mason, Leon, Hartford, Henderson and New Haven, West Virginia, from the Mason County Public Service District and provide that the Mason County Public Service District may only become the sewer authority for these municipalities upon adoption of a resolution by the governing bodies of said municipalities naming the Mason County Public Service District as its designated sewer service provider. (See, Final Joint Staff Memorandum filed August 30, 1999).

3. The Mason County Commission amended its original order as recommended by Commission Staff. (See, amended resolution filed September 22, 1999).

4. By Order dated October 19, 1999, this matter was set for a hearing to be held in the Point Pleasant City Building, Point Pleasant, Mason County, on November 16, 1999. Said Order also required the Mason County Commission to give notice of the hearing to be held by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Mason County. (See Order dated October 19, 1999).

5. At the hearing held in this matter on November 16, 1999, a proper affidavit of publication was submitted in accordance with the Commission's requirements and no one appeared in protest to the County Commission petition. Staff explained that, because the Mason County Commission had amended its resolution to exclude the seven

municipalities in Mason County, and the matter had been properly published and posted, Commission Staff had no objection to the amended order. (See, Tr., p. 5).

CONCLUSION OF LAW

Since the Mason County Commission has given proper notice of the hearing to be held in this matter on November 16, 1999, and no one appeared at the hearing to protest the petition, the amended resolution adopted by the Mason County Commission on September 16, 1999, can be approved.

ORDER

IT IS, THEREFORE, ORDERED that the resolution of the Mason County Commission adopted on January 28, 1999, as amended on September 16, 1999, be, and the same hereby is, approved.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:mal
990273aa.wpd

ROBERT C. BAIRD, President
GALLIPOLIS FERRY, WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT, WV

RICK L. HANDLEY, Commissioner
POINT PLEASANT, WV

MILES S. EPLING, Commissioner
POINT PLEASANT, WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

August 18, 2006

Randy Grinstead, Manager
Mason County Public Service District
101 Camden Avenue
Point Pleasant, WV 25550

Dear Mr. Grinstead:

While meeting in regular session Thursday, August 17, 2006, the County Commission reappointed Charles Lanier to the Public Service District Board.

If you need any further information, please contact me.

Very truly yours,

John D. Gerlach
Administrator
Mason County Commission

JDG:kdh

E.E.O./AFFIRMATIVE ACTION EMPLOYER

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof on Thursday, August 17, 2006 at 4:00 p.m. in regular session. Present were Bob Baird, President; Rick Handley and Miles Epling, Commissioner; Diana N. Cromley, Clerk; and John D. Gerlach, Administrator.

Bob Baird called the meeting to order. Diana Cromley gave the opening prayer and Miles Epling led the pledge of allegiance.

The Commission presented a check to the Battle Days Committee.

Sam Juniper was present to ask why some taxpayers did not get their tax tickets? The Sheriff informed the Commission they contracted with a vendor to mail them (in an effort to save money) and the vendor did not fulfill their agreement to timely mail the tickets.

The Sheriff was present to make the Commission aware of the salaries of deputies and how they are seeking better paying jobs to take care of their families.

John Wiseman was present to discuss the need for a public sewer system for economic development out Staff house Road to the power distribution plant.

Upon motion by Epling and unanimous agreement, the Commission approved Estate Appointments, Orders Appointing Fiduciary Commissioners, Oaths, Waivers of Final Settlement, Reports of Receipts and Disbursements, Commissioner's Report of Claims and Annual Settlement and Applications for Correction of Erroneous Assessments, copies of which are attached hereto.

Upon motion by Handley and unanimous agreement, the Commission minutes from the previous meetings were approved with no omissions or corrections thereto.

The Commission executed bills and purchase orders as required.

Upon motion by Handley and unanimous agreement, the Commission reappointed Chuck Lanier to the PSD Board, a copy of the letter is attached hereto.

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

Upon motion by Epling and unanimous agreement, the Commission reappointed Sadie Bailes to the Community Action Board.

The 911 Building Bids discussion was tabled until the August 31st meeting.

Upon motion by Epling and unanimous agreement, the Commission approved a caretaker agreement for the Ashton property.

Upon motion by Handley and unanimous agreement, the Commission changed the September 14th and 28th meetings to 4:00 p.m., canceled the public hearing on August 31st and rescheduled it for September 6th.

The Commission executed the NACO application.

Commissioner Epling stated the new 911 Answer Call Center property needs mowed. Also discussed the need for Chuck Blake to apply for grants when money is out there to build towers for 911 and the call center. Grant money was recently awarded to other counties for this project.

The Commission reviewed a letter from the Public Service Commission to Mr. Dallas Spurlock regarding road conditions on County Route 2/39 near Point Pleasant, a copy of which is attached hereto.

The Commission reviewed a letter from the State Fire Marshal's Office regarding the 911 center, a copy of which is attached hereto.

The Commission reviewed a letter from American Electric Power to Mr. Archie Henry regarding a check for the Virgil A. Lewis Society, a copy of which is attached hereto.

The Commission reviewed a Notice of Public Hearing, a copy of which is attached hereto.

The Commission reviewed a Mason County Plan of Action regarding the GIS data assembly for local and regional economic development planning, a copy of which is attached hereto.

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

The Commission reviewed a Meeting Notice for the Region II Planning and Development Council, a copy of which is attached hereto.

Commission Meeting – August 17, 2006

Estate Appointments

Harry Nelson Lucas
Claude E. Knapp
Charles Donald Salser
Leona O. Wallace
Bonnie C. Hinnant
Howard Sisk
Freda Victoria Escue
James C. Lawhorn
Carrie Maxine Buckle
David Lee Higginbotham
Ruby Mae Ball
Clara Margaret Wood

Orders Appointing Fiduciary Commissioners

Benny Lee Wallis
Freda Victoria Escue

Oaths

Lisa Davern

Waivers of Final Settlement

Laura Lee Crowder Zebrosky
Robert W. Patterson
Andrew Marl Burton
Robert C. Doeffinger Sr.
Ross O. King
William A. Leport
Betty J. Heib

Reports of Receipts and Disbursements

Elliott Quinn
Florence K. Roush

Commissioner's Report of Claims and Annual Settlement

Alex Mitchell Facemyer

Application For Correction of Erroneous Assessment

Kevin Miller	ACCT # 195938
Willie J. & Evelyn Lane	ACCT # 06018052
	ACCT # 06018043
Vicky S. Weaver	ACCT # 00310289

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

Commission Meeting – August 17, 2006

John D. Eads	ACCT # 06158222
Sharon A. Gibbs	ACCT # 06181751
Edsel & Bernice C. Rollyson	ACCT # 06071699
Charles Fraley	ACCT # 13390276
Alfred Lee Bell	ACCT # 310560
Bonnie Holley (Life)	ACCT # 06073848
Dennis Holley, et al	
Vernon & Linda Chandler	ACCT # 06168416
Ronny D. & Joella Knopp	ACCT # 06085309
Public Land Corp.	ACCT # 06186662
Jody L. Holland	ACCT # 06814593
Ohio Valley Pet Management	ACCT # 197353
Rex A. & Rebecca L. Hatfield	ACCT # 06173458
Betty Akers	ACCT # 1504101
Terri Patterson	ACCT # 194698
Ronnie Hinnant	ACCT # 195855
	ACCT # 195855
Joseph & Belinda Ashby	ACCT # 197163
Glenn Icenhower, Jr.	ACCT # 1504776
Bartow Jones & Co.	ACCT # 197371
Heartwood Forestland Fund IV	ACCT # 06044210, et al
Amy Templeton & Benjamin Mellert	ACCT # 06117034
Margaret Yester (Life)	ACCT # 06118729
Angela Runion	ACCT # 197882
Alice Lieving	ACCT # 06047583
Geraldine Rike, et al	ACCT # 06184249
Shawn M. & Lori A. Thomas	ACCT # 6115341
Kirian Williams	ACCT # 198273
William E. Riffle, Jr.	ACCT # 1012344

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

MASON COUNTY PUBLIC SERVICE DISTRICT
332 VIAND STREET
TELEPHONE 304-675-6399
POINT PLEASANT, WEST VIRGINIA 25550

July 28, 2006

Mr. John Gerlach, Administrator
Mason County Commission
Courthouse
Pt. Pleasant, WV 25550

Dear John,

The term of office of Charles R. Lanier, our Board Treasurer, will expire on August 17, 2006. We are requesting his reappointment to another term of office.

During his six year term, we have benefitted from Mr. Lanier's knowledge and the experience he has gained as a Board member, with the completion of the Camp Conley water project, at a cost of $800,000 and the $4,500,000 Conglomo I water project.

Our present Board of Directors functions well together and we appreciate your kind consideration of this request.

Sincerely,

MASON COUNTY PUBLIC SERVICE DISTRICT

Randy Grinstead
Manager

Public Service Commission
Of West Virginia

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
FAX: (304) 340-0325

August16, 2006

Mr. Dallas Spurlock
Post Office Box 59
Glenwood, WV 25520

Dear Mr. Spurlock,

This letter is in response to your letter to the Office of the Governor Joe Manchin III dated August 1, 2006, and received in this Division on August 4, 2006, concerning the road conditions on County Route 2/39 near Point Pleasant, West Virginia in Mason County.

My Staff reviewed your letter and discussed the situation with Randy Grinstead, General Manager for the Mason County Public Service District (District). He advised my staff that the District has attempted to resolve the problem but have been unable to satisfy you. Before a new project starts, the project engineer usually takes a video of the entire area of construction. Then if there are any complaints of relating to restoration, the engineer and the utility can rely on the film to know if they are expected to restore land, etc. to a certain level.

Since the problem apparently occurred on the Barker property, then the owner of that property should be the person to file a complaint with the District about any restoration question. The Public Service Commission can order the District to restore the property to the original condition, however, there must be evidence that there is a direct link between the District's work in the area and the damage to the property.

If you have further questions about the contents of this letter, please contact James F. Aucremanne at (304)340-0379.

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

Mr. Dallas Spurlock
August 16, 2006
Page 2

Sincerely,

Amy L. Swann

Amy L. Swann, Director
Water and Wastewater Division

ALS:kes

cc: Jon W. McKinney, Chairman
Jerry Bird, Director of Government Relations
Honorable Joe Manchin III, Governor
Mason County Public Service District

H:\estrickland\A-WORD\Aucremanne, Jim\Spurlock(1)(GOV)(Restoration)2006-Mason f.doc

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

State of West Virginia
Department of Military Affairs and Public Safety
Joe Manchin III, Governor

Sterling Lewis, Jr.
State Fire Marshal

Phone: (304) 558-2191
Fax: (304) 558-2537

STATE FIRE MARSHAL'S OFFICE
1207 Quarrier St, 2nd Floor
Charleston, WV 25301

August 7, 2006

John D. Gerlach
200 Sixth St.
Point Pleasant, WV 25550

Re: 911 Center
Mason Co.
Letter

Dear Mr. Gerlach,

In reference to your letter of August 3, 2006 on the use of wood framing to construct a 911 center, the following shall apply:

1. There are only 3 types constructions permitted when constructing 911 centers.

   A. Type I (Fire Resistive)
   B. Type II (Non Combustible)
   C. Type III (Protected Ordinary)

2. The following types of constructions are not permitted:

   A. Type IV (Heavy Timber)
   B. Type V (Protected Wood Frame)
   C. Type V (Wood Frame)

3. The above information is provided out of NFPA 1221 for communication centers.

<u>All electrical work must be done by West Virginia Licensed Electrician's.</u>

Should you have any further questions about this or other projects that would be serviced by this office, contact me at 304-558-2191, ext. 218.

Yours for better fire protection,

Norman R. Fetterman
Plans Examiner

NRF/kb
Cc: File, Inspection

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

AEP
AMERICAN® ELECTRIC POWER
AEP: America's Energy Partner™
Mountaineer Plant
P. O. Box 419
New Haven, WV 25265

Mr. Archie Henry
P. O. Box 662
Gallipolis Ferry, WV 25515

August 8, 2006

Per our conversation on August 7, 2006 re: Cancelled check for $1,000.00/Virgil A Lewis Society

Dear Mr. Henry:

A check was issued to you from our corporate office in November 2005. As of May 2006, the check had not been cashed/deposited. When checks of this amount are not cashed, it sends a "red flag" to our Columbus office. They called and asked that I find out why the check had not been cashed. I called your number 675-7876 a few times and did not get an answer. I then called the Post Master at Mason, WV and asked about the P. O. Box 276 where the check was mailed. The Post Office advised me that the box had been closed.

I then called the County Commissioner's office and they advised me to re-issue the check to the Town of Mason. A check was issued to the Town of Mason on May 5, 2006 as a donation for the restoration of the historical home.

During our recent phone conversation you told me yourself that the County Commission owned the home. The only suggestion I can offer to you is that you work with the Commissioner's office and/or the Town of Mason. I can assure you that our corporate office will not issue you another check and I am not authorized to have the Town of Mason turn the check over to you as it was issued to them. I'm sorry for any inconvenience this has caused, but there is nothing else I can do.

Pamela J. Simpkins

Pamela J. Simpkins

Cc: County Commissioner's Office
Mindy Kearns, Mayor Town of Mason

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO. 97936-92

NOTICE OF PUBLIC HEARING

Notice is hereby given that on Thursday, August 31, 2006, a public hearing will be held in the County Commission Meeting Room, Mason County Courthouse, 200 Sixth Street, Point Pleasant, West Virginia, commencing at 7:00 p.m., prevailing time, with respect to the proposed issuance by Mason County, West Virginia, acting by and through The County Commission of Mason County (the "Issuer") of its Hospital Revenue Bonds (Pleasant Valley Hospital, Inc.), Series 2006 (the "Bonds") in an aggregate principal amount not to exceed $4,000,000, the proceeds of which will be used to: (i) finance in whole or in part the acquisition, construction, renovation, improvement and equipping of hospital and other health care facilities and equipment for use by Pleasant Valley Hospital, Inc., a West Virginia non-stock, nonprofit corporation (the "Corporation"), including without limitation the acquisition, construction, renovation, improvement and equipping of new employed doctors' office space consisting of two buildings, the first being a one story building containing approximately 2,500 square feet located at 2414 Jefferson Avenue, Point Pleasant, West Virginia and the second being a one story building containing approximately 3,000 square feet located at 2007 Second Street, Mason, West Virginia; roof repairs, replacements and improvements; HVAC repairs, replacements and improvements; acquisition of a 64 Slice CAT Scan and related renovations and improvements; parking lot resurfacing; renovations and improvements to Outpatient Pharmacy and South I and II facilities and/or other acquisitions, construction, improvements, renovations, equipping and additions to the Corporation's facilities; (ii) make a deposit to the debt service reserve fund for the Bonds; and (iii) pay all or a portion of the costs of issuing the Bonds. All of such uses are permitted by Chapter 13, Article 2C of the Code of West Virginia, 1931, as amended. The initial owner of the facilities to be financed with the proceeds of the Bonds is the Corporation. The Corporation's administrative offices are located and, except as otherwise noted, the facilities and equipment to be financed with the proceeds of the Bonds will be located at or near 2520 Valley Drive, Point Pleasant, West Virginia.

The Bonds will be special obligations of the Issuer and will not constitute a debt or a pledge of the faith and credit or taxing power of the Issuer or a pledge of the faith and credit or taxing power of the State of West Virginia or any other political subdivision thereof. All interested individuals are invited to attend to express their views, either orally or in writing, on the proposed issue of Bonds and the location and the nature of the facilities and equipment to be financed with the Bonds. Interested individuals may also submit written comments to The County Commission of Mason County, West Virginia, Attention: President, 200 Sixth Street, Point Pleasant, West Virginia 25550, and clearly marked "Re: Mason County, West Virginia Hospital Revenue Bonds (Pleasant Valley Hospital, Inc.), Series 2006." Written submissions should be mailed in sufficient time to be received before August 31, 2006.

MASON COUNTY, WEST VIRGINIA

97936-92

Mason County Plan of Action

After meeting with officials in Mason County on June 8, 2006 and with Dave Tarbett on June 20, 2006, the following is the proposed plan for meeting the requirements of the "GIS data assembly for local and regional economic development planning" project.

1. Work with the Mason County Development Authority to develop a GIS based tool to allow them to view Parcels, Aerial Photography and Flood data.
2. Update selected Mason County GIS datasets that are available on the West Virginia GIS Technical Center's clearinghouse.
3. Work with the Mason County PSD to determine accurate elevations at specified locations.
4. Inventory GIS data currently maintained in the county.
5. Determine policy and procedure for acquiring GIS related data from contractors that work on government funded projects within county.
6. Enhance existing GIS datasets for the City of Point Pleasant & Town of Henderson.

Mayor, Town of Henderson — 6/28/06

Mayor, City of Point Pleasant — 7/24/06

President, Mason County Commission — Robert C. Baird

Mason County Public Service District

Director, Mason County Development Authority

REGION II

Planning & Development Council

CABELL, LINCOLN, LOGAN, MASON, MINGO, WAYNE COUNTIES

James H. Booton, Chairman
Michele P. Craig Executive Director

MEETING NOTICE

REGION II PLANNING AND DEVELOPMENT COUNCIL

FRIDAY, SEPTEMBER 22, 2006

REGION II PLANNING AND DEVELOPMENT COUNCIL
CONFERENCE ROOM
720 4th AVENUE
HUNTINGTON, WV 25701

THE REGION II PLANNING AND DEVELOPMENT COUNCIL WILL MEET ON FRIDAY, SEPTEMBER 22, 2006, IN THE REGION II PLANNING AND DEVELOPMENT COUNCIL CONFERENCE ROOM, 720 4th AVENUE, HUNTINGTON, WV AT NOON FOR A LUNCHEON MEETING.

THE AGENCY WILL PROVIDE LUNCH FOR MEMBERS.

PLEASE REPLY BY FRIDAY, SEPTEMBER 15TH WHETHER YOU PLAN TO ATTEND OR NOT SO THAT ACCURATE LUNCH RESERVATIONS MAY BE MADE.

YOU CAN PARK IN THE 8th STREET PARKING GARAGE OR ON THE STREET. THE OFFICE IS LOCATED ACROSS THE ALLEY FROM THE PARKING GARAGE ENTERING ON 7th STREET.

RSVP WITH DORA YOUNG OR BRANDIE WAGNER AT (304) 529-3357.

THANKS SO MUCH. WE LOOK FORWARD TO SEEING YOU.

/brw

720 Fourth Avenue • P.O. Box 939 • Huntington, West Virginia 25712
304-529-3357 • FAX 304-529-7229

ORDERS—Mason County Commission, W. Va.

TERMS AUG 17 2006 19

97936-92

Upon motion by Epling and unanimous agreement, this meeting was adjourned.

BOB BAIRD, PRESIDENT

RICK HANDLEY, COMMISSIONER

MILES EPLING, COMMISSIONER

DIANA N. CROMLEY, CLERK

PHYLLIS A. ARTHUR, President
NEW HAVEN, WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT, WV

RICK L. HANDLEY, Commissioner
POINT PLEASANT, WV

ROBERT C. BAIRD, Commissioner
GALLIPOLIS FERRY, WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

September 8, 2004

Randy Grinstead, Manager
Mason County Public Service District
101 Camden Avenue
Point Pleasant, WV 25550

Dear Mr. Grinstead:

While meeting in regular session Tuesday, August 17, 2004, the County Commission appointed Curtis Hunt to the Public Service District Board to replace Dorsel Keefer. Mr. Hunt's six year term will expire August 17, 2010.

His address and phone number are:

Curtis Hunt
Rt. 2 Box 3
Letart, WV 25253
895-3803

We trust that you will contact him about your meeting schedule.

Very truly yours,

John D. Gerlach
Administrator
Mason County Commission

JDG:kdh

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-96

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof on Thursday, August 17, 2004 at 4:00 p.m. in regular session. Present were Phyllis Arthur, President; Bob Baird and Rick Handley, Commissioners; and John D. Gerlach, Administrator.

President Arthur called the meeting to order. John Gerlach gave the opening prayer and Bob Baird led the pledge of allegiance.

Lowell Wilks, Project Coordinator for the Great Kanawha Resource and Development Council, was present and the Commission presented him with a plaque making him an Honorary Citizen of Mason County for all of his hard work and dedication to benefit the Commission and the citizens of Mason County.

The Commission introduced and honored the Mason County Fair Queen and the members of her court that were present. Laura Casto, Queen; Tiffany Crum, first runner-up; and Heather Sturgeon, third runner-up.

Upon motion by Handley and unanimous agreement, the Commission approved the following Estate Appointments, Order Appointing Fiduciary Commissioner, Waiver of Final Settlements, Report of Receipts and Disbursements, and Application for Correction of Erroneous Assessment:

Commission Meeting – August 17, 2004

Estate Appointments

Rose Virginia Spurlock
Neil Halene Kennedy
Rodney L. Wamsley
Velma Grace Getty
Alfred J.S. Clark
Helen L. Cunningham
Ardath Opal Brinker

Order Appointing Fiduciary Commissioner

William Emory Monroe

Waiver of Final Settlement

Ronald B. Harris
Bertha Stevens
John Everett Sayre

Report of Receipts and Disbursements

Julia Roush
Clara Luella Plants
James W. Plants

Application for Correction of Erroneous Assessment

Roseann Anthony	ACCT# 6050685
Sam Boston	ACCT# 4666
	ACCT# 4782
Maude Cononley	ACCT# 6174855
Paul & Cheryl Sayre	ACCT# 6702981
Elinor Stover	ACCT# 6116712
Chuck & Beulah Walker	ACCT# 6166267
James H. Barker	ACCT# 1502505
Timothy Blake	ACCT# 195525
Wallace Fetty	ACCT# 195149
Betty Miller & Roy Newell	ACCT# 1503737
Herman Dale & Celia Shirrel Sargent	ACCT# 6088422
Travis W. Tarr & Hollay R. Roark	ACCT# 6165535
Keith Thornton	ACCT# 672652
Arthur Wiley	ACCT# 1500937

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 72932-00

Upon motion by Baird and unanimous agreement, the Commission approved the minutes from the previous meeting with no omissions or corrections thereto.

The Commission executed bills and purchase orders as required.

Upon motion by Handley and unanimous agreement, the Commission approved the following Budget Revision:

CID BR 1180 (Rev. 2002)

Glen B. Gainer, III
WV State Auditor
Chief Inspector Division
1900 Kanawha Blvd. East
Building 1, Room W-420
Charleston, WV 25305
Fax: 558-5327

Person To Contact Regarding Budget Revision: John D. Gerlach
Phone: 304-675-1110
Fax: 304-675-4982

REQUEST FOR REVISION TO APPROVED BUDGET

Subject to approval of the chief inspector, the governing body requests that the budget be revised prior to the expenditure or obligation of funds for which no appropriation or insufficient appropriation currently exists. (§ 11-8-26a)

Mason County Commission
GOVERNMENTAL ENTITY

200 Sixth Street
STREET OR P.O. BOX

Point Pleasant WV 25550
CITY ZIP CODE

CONTROL NUMBER 2004-05
FY 01
FUND 1
REV. NO. 1 of 1
PG. OF NO.

RECEIPTS: (net each acct.)

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED AMOUNT	DEBIT (INCREASE)	CREDIT (DECREASE)	REVISED AMOUNT
301-01	Current Yr Tax	3,363,169		206,000	3,157,169
309	Hotel Tax	-0-	2,200		2,200

NET ~~INCREASE~~/(DECREASE) Revenues 203,800

BOOK 41 PAGE 848

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

EXPENDITURES: (net each account category)

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED AMOUNT	DEBIT (DECREASE)	CREDIT (INCREASE)	REVISED AMOUNT
704	Reg. Jail Fees	360,000	206,000		154,000
715	Ambulance Auth.	10,000		1,100	11,100
915	Tourism	-0-		1,100	1,100

NET INCREASE/(DECREASE) Expenditures 203,800

WV STATE AUDITOR - CHIEF INSPECTOR

APPROVED

DATE: _____ BY: _____

POSTED: _____ BY: _____

APPROVED BY THE STATE AUDITOR

BY:

CHIEF INSPECTOR DIVISION

Phyllis A Arthur 8/17/2004

AUTHORIZED SIGNATURE FOR GOVERNING BODY — ENTITY APPROVAL DATE

COUNTIES ONLY

TRANSFERS TO THE GENERAL FUND FROM SPECIAL FUNDS CREATED PURSUANT TO WEST VIRGINIA CODE § 7-1-9, MUST BE ACCOMPANIED BY PRIOR WRITTEN APPROVAL FROM THE STATE AUDITOR.

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RS-ORDER NO. 73830-00

Upon motion by Baird and unanimous agreement, the Commission reviewed the following Airport Grant Contract:

U. S. Department of Transportation Federal Aviation Administration

GRANT AGREEMENT

Date of Offer: August 03, 2004
Project Number: 3-54-0021-012-2004

RECIPIENT: Mason County Commission (Herein called Sponsor)

AIRPORT: Mason County Airport

OFFER

THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay, as the United States' share of 95 percent of the allowable costs incurred in accomplishing the project consisting of the following:

"Install AWOS III-P (Design and Construct);
Remove Obstructions (Runway 7/25 Approach)"

as more particularly described in the Project Application dated July 12, 2004.

The maximum obligation of the United States payable under this Offer shall be $ 276,634.00.

For the purpose of any future grant amendments which may increase the foregoing maximum obligation of the United States under provisions of Section 47108(b) of Title 49 U.S.C., the following amounts are being specified for this purpose:

$ 276,634.00 for airport development,
$ _____ for land, and
$ _____ for planning.

This offer is made in accordance with and for the purpose of carrying out the provisions of Title 49, United States Code, herein called Title 49 U.S.C. Acceptance and execution of this offer shall comprise a Grant Agreement, as provided by Title 49 U.S.C., constituting the contractual obligations and rights of the United States and the Sponsor.

UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION

Manager, Beckley Airports District Office
Eastern Region

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

ACCEPTANCE

The Sponsor agrees to accomplish the project in compliance with the terms and conditions contained herein and in the document "Master Agreement on Terms and Conditions of Accepting Airport Improvement Program Grants" dated August 17, 2000.

Executed this 17th day of August, 2004.

(SEAL)

Mason County Commission
Name of Sponsor

Phyllis A. Arthur
Signature of Sponsor's Designated Official Representative

Commissioner
Title

Attest: Donna Conley

Title: County Clerk

CERTIFICATE OF SPONSOR'S ATTORNEY

I, Damon B. Morgan Jr, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of West Virginia. Further, I have examined the foregoing Grant Agreement, and the actions taken by said Sponsor relating thereto, and find that the acceptance thereof by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and Title 49 U.S.C. In addition, for grants involving projects to be carried out on property not owned by the Sponsor, there are no legal impediments that will prevent full performance by the Sponsor. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Signature of Sponsor's Attorney

08/17/04
Date

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73920-99

The Commission reviewed the following letter from Brad Wright:

(1)

There is a Problem in Southern Mason County. That we in the community, needs to be Resolved. By The D.O.H.

There is a Road (80/8) on the 1933 map, That connects (80) Knife Branch to (45) Guyan Creek. This Road is Just Short of a mile long, and has always been maintained by The State.

When I (Brad Wright) came to this area in 1980 This Road was the only gravel one, "well maintained" All The old Timers said the whole Loop (45) down (80/8) to (80) was the old mail Route, and The way the Previous Family got in and out of my Farm.

They moved away in the 1960's and (45) in Front of my House was not maintained (see map) But the Loop was (45) (80/8) (80).

The Smith's owned most of the Property on (45) (80/8) (80) The old Home Places was on (45) and (80/8). The Family Them moved to the Hard Road (80) and other died off. But they still Farmed it.

In 1970 Gary Meadows married Mary Smith and At the old Home Place of Clem Smith. They Built a Home. The Road (80/8) was well maintained By the State Them too!

In the late 70's the Road (80/8) was maintained, mowed, graveled and 6 or 7 culverts put in By the D.O.H.!

Then in 1980 I Brought my Farm. (80/8) was well maintained all the way Through (45) was not. In 1982 we called the D.O.H. so we could start working on the House. Gravel was put down all the way from (80) to (45). This was the way in and out. Phone lines were run also down (80/8) no Problem.

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

(2)

IN 1986 A SLIP CAME ON (80) WE WROTE A LETTER TO THE D.O.H. THE D.O.H. REMOVED THE SLIP. GRAVELED, MOWED, NO PROBLEM.

IN 1988 WE MOVED TO THE FARM, AND HAD TWO CHILDREN, ONE WAS GOING TO START SCHOOL, SO WE MADE CONTACT WITH THE SCHOOL BOARD TO MAKE ARANGEMENTS TO CATCH THE BUS.

THEY PUT US IN TOUCH WITH THE GOVERNOR'S OFFICE BECAUSE THE ROAD PAST GARY MEADOWS TO OUR HOUSE NEEDED MORE MAINTENCE SO WE COULD GET TO THE SCHOOL BUS STOP AT THE SMITHS HOUSE ON THE HARDROAD (80).

THIS WAS DURING, GOV CAPERTON'S TERM AND MS. LINDA BERGER (GOV. OFFICE) SAID "THE ROAD WOULD BE MAINTAINED AS A STATE ROAD TO THE BENEFIT OF ALL". 6 OR 7 STATE GRAVEL TRUCKS STARTED AT MY HOUSE AND GRAVELED THE WHOLE ROAD TO THE HARDROAD (80).

LATER WHEN GRAVEL WAS NEEDED, EVERYONE (A.E.P. TOO) HAD IT LISTED AS THE END OF KNIFE BRANCH (80).

JIMMY WATERSON (FORMER MASON CO. D.O.H.) SAID "WE MAINTAIN THAT ROAD BECAUSE IT TAKES CARE OF TWO FAMILY'S". NO ONE WAS LIVING ON THE LOWER PART OF (45) AT THAT TIME AND THERE WAS NO NEED TO DO MUCH MAINTENCE AT THAT TIME.

THEN IN THE LATE 90'S BILL AND KAREN SAUNDERS BROUGHT KAREN'S DAD OLD HOME PLACE. THE ROAD HAD NOT HAD MUCH MAINTENCE IN YEAR'S. THEY NEEDED TO GET THERE TO WORK ON THE OLD HOUSE AND FARM. SO THE STATE DID SOME MAINTENCE. THAT'S WHEN GARY "THREW A FIT" BECAUSE HIS ROAD (80) NEEDED MORE GRAVEL. THAT'S WHEN HE WENT TO D.O.H. (SMITH ST.) TO DEMAND MORE GRAVEL. HE THOUGHT (45) WAS PRIVATE. THAT'S WHEN THEY AT THE D.O.H. SAID WE

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

③

"DON't SEE, YOUR ROAD ON the MAP" (1937) "THAT'S not YOUR GRAVEL" BECAUSE HE WAS BEING "DIFFICULT".

THEY FORGOT ABOUT ME AND the RULEINGS MADE ON the ROAD, where is that PAPER WORK?

I HAD RESERCHED the ROAD in the EARLY 90'S THERE WAS NOTHING SAID ABOUT (89) THEN, OTHER THAN A DESCRIPTION. NO DROPPING it NO RECORDS OF MAINTENCE,

FORMER MASON CO. DOH. OFFICALS SAID WE MAINTANE "that ROAD. BECAUSE it'S THE EAZYIST AND CHEAPEST." ONE MILE NO HILLS, 7 CULVERTS ALREADY IN PLACE, DEEDS MENCHIN COUNTY ROADS, AND MASON CO. DOES NOT HAVE A RIGHT-OF-WAY BOOK! This is A STATE ROAD, BECAUSE OF PAST MAINTENCE.

THEN GARY STARTED SAYING it WAS A "PRIVATE DRIVE" IN the LAST FEW YEARS AND its BEEN NOTHING BUT TROUBLE

ERNIE WATERSON FORMER MASON CO. D.O.H. + SHERIFF, SAID "HE COULD NOT SHUT the ROAD OFF", AND GARY HAS REFUSED the STATE to COME ON the ROAD. "YEA RIGHT."

This is NOT RIGHT AFTER ALL those YEARS OF MAINTENCE AND WHAT WE IN the COMMUNITY KNOW, IT BEEN THERE OVER 100 YEARS.

ON JUNE 16, 03, WE HAD the WORST FLOOD EVER! 4 OR 5 INCHES OF RAIN IN A HOUR TIME. It DESTROYED A 1880'S HOUSE ON DOWN GUYAN CREEK, AND DID MUCH DAMAGE to LOTS OF ROAD'S BUT RIGHT PAST GARY MEADOW'S HOUSE it PLUGGED A STATE CULVERT UP. BEAR HOLLOW CREEK RIGHT IN FRONT OF MY HOUSE. DEPOSTED ABOUT 6 FEET OF STUFF ON MY DRIVEWAY I COULD NOT GET OUT! without A PIECE OF HEAVY EQUIPMENT, I ASK ONE OF the STATE ROAD WORKERS to HELP ME OUT. (which they ARE ALLOWED to DO in TIME'S OF DISASTOR) AND WAS TOLD they WOULD But ROSS ROUSH TOLD Them to "STAY OFF" GARY'S ROAD!

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

Casto & Harris, Inc., Spencer, WV Re-Order No. 73930-09

That is not being a very good neighbor.
Then I ask Gary's son to let the State come down the road to my house so they could dig me out. And he said no! You tell me if that is not right! After all those years of "State maintence" I would have told them different "That is a State road"!

Then a few days later I got a neighbor 4 miles down the road with a large tractor + endloader bucket to help me out. That is a good neighbor.

Then I walked up the road to clean-out ditches and culverts. Clean-up after the flood. That evening coming back home, Gary came out and said "He clogged the culverts back-up" and that I was flooding his fields. I thought I was doing the right thing! So now all the water is washing the road away. He found his way to shut-off the road down past his house.

I have talked to everybody in the D.O.H. and have gotten different answers from all. "Pass the buck". A lawyer even said it was a State matter.

This is not a private road. Where are all the records. How did those 6 or 7 culverts, phone lines, gravel, get there. This "Political correctness" is not right. No one should have control over a road that's been there over a 100 years.

There have been 3-4 fights over Gary trying to tell people "This is a private road"

I have talked to Chuck Blake (Mason Co. Emergency Services) He came right out. Took pictures, made a report. Then Gary played a "little game" with him and unpluged the culvert, then plugged it back-up when he left. Chuck said he could not get emergency vehicles to my house.

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CARTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73030-00

(5)

THE ROAD NOW OVER A YEAR LATER IS UNPASSABLE TO CARS.

I HAVE BEEN NOW COMING DOWN (45) FROM WHITEN RIDGE THERE ARE TWO HILLS AND IT'S ABOUT 3 TIMES LONGER. I WILL BE ABLE TO GET OUT THIS WINTER, NOR ANYONE IN AND IT'S TAKING A TOLL ON MY TRUCK. TRY THIS EVERYDAY! AFTER 24 YEAR'S, MY MOM & DAD AND KIDS ARE SHOCKED THAT THIS IS GOING ON. THEY CAN'T GET TO OUR FARM! MY NEIGHBORS AND FRIENDS CAN'T GET THERE ALSO, UNLESS THEY HAVE A TRUCK.

WE IN THE COMMUNITY BELIEVE THIS IS WRONG TO LET ONE PERSON INCONVENINCE EVERYBODY. THAT IS WAY THEY MADE STATE ROADS! SO ONE PERSON DOES NOT HAVE CONTROL. YOU CAN GO! BUT THE OTHER ONE CAN'T!

WE HAVE A NEW NEIGHBOR ON (45) (SEE MAP) HIS NAME IS TIM MORGAN. HE WAS A POLICE OFFICER IN ATLANTA GA. AND MOVED HERE TO GET AWAY FROM THE "RAT RACE". WHEN HE STARTED BUILDING HIS LOG HOUSE AND NEEDED MATERIAL - THE TRUCKS CAME BY GARY'S HOUSE HE THREW A FIT! AND TRYED TO RUN THEM OFF. EVEN CALLED ADAMS TRUCKING AND TOLD THEM IT WAS A PRIVATE DRIVE! THE OTHER END HAS A TILTED SLIP AND IS 3 TIMES LONGER WITH HILLS, TRY THAT WITH 20 TONS.

GARY CAME DOWN TO TIM'S AND TRYED TO TELL HIM IT WAS A "PRIVATE DRIVE" HE SAID HE DID NOT SEE ANY SIGNS."

WE NO THAT IT'S NOT. AND AGAIN THAT'S NOT A VERY GOOD NEICHBOR. THE ONLY WAY TO RESOLVE THIS IS TO TELL GARY IT'S A STATE ROAD. NO ONE SHOULD FIGHT OVER A ROAD!

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RS-ORDER NO. 73810-90

(6)

IF ANYONE OF US TRYED MESSING WITH A ROAD, WE WOULD GO TO JAIL. ALSO WHY IS HIS MAILBOX AT his FRONT DOOR. IF THIS IS A PRIVATE DRIVE MY MAILBOX IS NOW 4 MILES AWAY.

WE AS A COMMUNITY WENT to A COUNTY COMMISSION MEETING to TRY to GET SOME ACTION AND HAD 19 LOCALS. WE NOW HAVE SOME STATE ROAD WORKERS WHO ARE WILLING to MAKE STATEMENTS that THEY HAVE WORKED ON THE ROAD FOR YEARS. EVEN HAD ORDERS too!

PAUL LITLE (DIST. 1 ASST. ENG.) EVEN ASK GARY to PUT it IN THE SYSTEM (MARCH 04) OFFICIALLY.

THIS IS ALL WE WANT. NO MORE FIGHTING, BUT WE FEEL, THIS WAS TAKEN CARE OF ALREADY! BACK IN 1988 AND it SHOULD NOT MATTER WHAT, GARY SAYS.

HE HAS SHOWN that HE IS NOT A VERY GOOD NEIGHOR. LAST FEB. DURING the ICE STORM ME AND two NEIGHBORS WERE LOOKING FOR A.E.P. BECAUSE EVERYONE'S ELECTRIC WAS OFF. THE BREAK WAS BEHIND MY HOUSE, TO TELL A.E.P. WHERE THE TREES WERE DOWN AND that THEY COULD GO UP BEHIND MY HOUSE to GET to it, to FIX it. WHEN WE FOUND the LINEMAN HE SAID HE GOT "RUN OFF" SAID it WAS A "PRIVATE ROAD."

NOW MY PHONE LINE AND TIM'S LAY IN THE WASHED-OUT PART OF the ROAD, AND HAS BEED MESSED UP SINCE JUNE 03.

WHEN VERISON CAME to FIX it. THEY WERE TOLD "PRIVATE RD." SO THEY CAME DOWN (45) AND ROLLED the 2 TON TRUCK ON its TOP into THE CREEK (APRIL 04) AGAIN WHAT IF THAT WAS A EMERGENCY VEHICLE!

AGAIN LETTERS HAVE BEEN WRITTEN BEFORE, WORK DONE, I thought it WAS RESOLVED LONG TIME AGO! WE DON'T WANT PROBLEMS with NEIGHBORS.

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-00

(7)

I HATE TO BE WASTING MY TIME, CHUCK BLAKES, THE STATE ROAD, AND ANYONES ELESES, I DID MAY HOME WORK LONG AGO! AND WAS TOLD IT WOULD BE MAINTAINED NO ONE DID THEIRS LATELY. THEY SHOULD HAVE TALKED TO EVERYBODY BEFORE THEY SAID "THEY DIDN'T PICK IT UP IN 1933" WRONG, THEY DID, NOW, IT'S A MESS!

WE ARE AFRAID THAT SOME KIND OF TROUBLE WILL HAPPEN BECAUSE OF THIS ACTION, WHAT IF SOMEONE GETS HURT IN BEAR HOLLOW OR AT MY HOUSE (GOD FORBID) TIM HAS A 10 YEAR OLD, OR IF SOMEONE GETS MAD AT GARY AND THINKS WE'RE THE ONE'S TRYING TO STOP THEM. THINK ABOUT IT!

WE KNOW OF NO OTHER PROBLEM LIKE THIS ONE, NO WHERE! THIS WAS RESOLVED LONG AGO, NOW THERE ARE NEW NEIGHBORS, ELECTRIC METOR'S HAVE TO AND HAVE BEEN READ. KIDS GET TO SCHOOL BUSSES. THE D.O.H. NEEDS ACCESE TO ALL ROADS. YOU MIGHT WANT TO RIDE OVER AND SEE US, IT'S STILL "A FREE COUNTRY" I TROUGHT.

ALSO GARY IS "LANDLOCKED" BY ALTIS ON ONE SIDE (80) AND GREG JIMISON ON THE OTHER SIDE (45). SMITH

WHEN GREG JIMISON BROUGHT HIS FARM ON (45) WAS IMPASSABLE, THE ROAD WAS GRAVELED FROM (80) TO MY HOUSE (45) THREW (80/8). THIS WAS THE WAY IN AND OUT. NO MENTION OF A PRIVATE ROAD. (PRESCAPTIVE RIGHTS) 1982

WE WANT THIS PROBLEM TAKEN BACK TO THE COUNTY COMM. AND HAVE THE D.O.H. COME TO THE MEETING AND HAVE STATE ROAD WORKERS MAKE STATEMENTS. THIS NEEDS TO BE RESOLVED NOW BEFORE SOMETING BAD HAPPENS. YOUR HELP APPRECIATED

DAVID JENKINS	Brad Wright	BILL SAUNDERS
Rt1 BOX 334	Rt1 BOX 348 A	Rt1 BOX 334
GLENWOOD WV 25520	GLENWOOD WV 25520	GLENWOOD WV 25520
576-2125	576-2540	576-2795

ORDERS—Mason County Commission, W. Va.

TERMS AUG 12 2004

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73830-99

The Commission moved to replace Dorsel Keefer on Mason County Public Service District Board with Curtis Hunt to a six-year term. The motion passed 2-1. Commissioner Baird voted against the motion.

The Commission unanimously agreed to change the September 16th meeting to the 13th at 7:00 p.m. and change the time of the September 30th meeting from 7:00 p.m. to 4:00 p.m.

Upon motion by Handley and unanimous agreement, this meeting was adjourned.

Phyllis A Arthur
PHYLLIS ARTHUR, PRESIDENT

Bob Baird
BOB BAIRD, COMMISSIONER

Rick Handley
RICK HANDLEY, COMMISSIONER

Diana N Cromley
DIANA N. CROMLEY, CLERK

ROBERT C. BAIRD, President
GALLIPOLIS FERRY, WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT, WV

RICK L. HANDLEY, Commissioner
POINT PLEASANT, WV

MILES S. EPLING, Commissioner
POINT PLEASANT, WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

February 10, 2005

Randy Grinstead, Manager
Mason County Public Service District
100 Camden Avenue
Point Pleasant, WV 25550

Dear Mr. Grinstead:

While meeting in regular session Wednesday evening, February 9, 2005 the Commission voted to accept Bill Hughes' resignation from the Public Service District Board and appoint Dorsel Keefer to his unexpired term. According to our records, his term expires August 2008.

Please contact me if you need any further assistance.

Very truly yours,

John D. Gerlach
Administrator
Mason County Commission

JDG:kdj

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof on Thursday, February 9, 2005 at 4:00 p.m. in regular session. Present were Bob Baird, President; Miles Epling, Commissioner; Diana N. Cromley, Clerk; and John D. Gerlach, Administrator.

President Baird called the meeting to order. Diana Cromley gave the opening prayer and Miles Epling led the pledge of allegiance.

Upon motion by Epling and unanimous agreement, the Commission approved Estate Appointments, Waivers of Final Settlement and Reports of Receipt and Disbursement, copies of which are attached hereto.

Upon motion by Epling and unanimous agreement, the Commission approved the minutes from the previous meeting with no omissions or corrections thereto.

The Commission executed bills and purchase orders as required.

Upon motion by Epling and unanimous agreement, the Commission executed a Budget Revision, a copy of which is attached hereto.

Upon motion by Epling and unanimous agreement, the Commission accepted the resignation of William Hughes Public Service District Board member.

Upon motion by Epling and unanimous agreement, the Commission appointed Dorsel Keefer to the Public Service District Board to an unexpired term which will end August 17, 2008.

President Baird talked about the budget crunch we are facing and that it is a shame that citizens of this county have to suffer because of the prison and also wished the National Guard well. They will be returning home by March 2005.

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CARTO & HARRIS, INC., SPENCER, WV RE-ORDER No. 73920-00

The Commission reviewed a letter from Charlene A. Vaughan, Deputy Attorney General, a copy of which is attached hereto.

The Commission reviewed a letter from Damon B. Morgan, Jr., Prosecuting Attorney, a copy of which is attached hereto.

The Commission reviewed a letter from the Public Service Commission of West Virginia, a copy of which is attached hereto.

The Commission reviewed a Reduced Regional Jail Payment Schedule, a copy of which is attached hereto.

Commission Meeting – February 9, 2005

Estate Appointment

Michael Gene Kitchen
Margaret L. Dowell
Kennith Gorden Evans
George C. Sommer
Rosecenia Mildred Mayes
Collett L. Keefer
Hibert Wallace
Edward Willis Fulks
Elevena Meadows Chapman
Dayton C. Raynes
Raymond Denver Robinson
Jessie E. Harper
Donald Eugene Kiggins
Michael A. Barker
Frances Louise Kearns
Debbie Northup

Waiver of Final Settlements

Charles M. Henry
George J. Wilson

Report of Receipts and Disbursements

Henrietta Rossi
Ardath Opal Brinker

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

2-10-05;12:17PM;MASON CO. COMMISSION ;304 674 4982 # 1/ 4

CID BR 1180 (Rev. 2002)

Glen B. Gainer, III
WV State Auditor
Chief Inspector Division
1900 Kanawha Blvd. East
Building 1, Room W-420
Charleston, WV 25305
Fax: 558-5327

Person To Contact Regarding Budget Revision:
John D. Gerlach
Phone: 675-1110
Fax: 675-4982

REQUEST FOR REVISION TO APPROVED BUDGET

Subject to approval of the chief inspector, the governing body requests that the budget be revised prior to the expenditure or obligation of funds for which no appropriation or insufficient appropriation currently exists. (§ 11-8-26a)

Mason Co. Commission
GOVERNMENTAL ENTITY

200 Sixth Street
STREET OR P.O. BOX

Point Pleasant 25550
CITY ZIP CODE

CONTROL NUMBER
2004-05
FY
1
FUND
REV. NO.
1 of 1
PG. OF NO.

RECEIPTS: (net each acct.)

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED AMOUNT	DEBIT (INCREASE)	CREDIT (DECREASE)	REVISED AMOUNT
					0
322	Federal Grants	0	132,365		132,365
323	State Grants	175,075	22,000		197,075
382	Reimbursements	10,000	72,688		82,688
					0
					0
					0
					0
					0
					0
					0
					0

NET INCREASE/(DECREASE) Revenues 227,053

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-00

EXPENDITURES: (net each account category)

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED AMOUNT	DEBIT (DECREASE)	CREDIT (INCREASE)	REVISED AMOUNT
					#VALUE!
					#VALUE!
					#VALUE!
412	Ag. Agent	67,059		13,775	80,834
424	Courthouse Maint.	373,945		71,000	444,945
434	Airport	76,640		36,000	112,640
700	Law Enforcement	601,530		98,020	699,550
711	Emergency Services	42,742	6,742		36,000
712	911 Center	346,865		15,000	361,865
					0
					0
					0
					0
					0
					0
					0
					0
					0

NET INCREASE/(DECREASE) Expenditures 227,053

WV STATE AUDITOR - CHIEF INSPECTOR

APPROVED

DATE: _____ BY: _____

POSTED: _____ BY: _____

APPROVED BY THE STATE AUDITOR

BY: _____

CHIEF INSPECTOR DIVISION

Robert L. Baird 10/21/2004

AUTHORIZED SIGNATURE FOR GOVERNING BODY — ENTITY APPROVAL DATE

COUNTIES ONLY

TRANSFERS TO THE GENERAL FUND FROM SPECIAL FUNDS CREATED PURSUANT TO WEST VIRGINIA CODE § 7-1-9, MUST BE ACCOMPANIED BY PRIOR WRITTEN APPROVAL FROM THE STATE AUDITOR.

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER No. 72530-99

RESOLUTION

At a regular session of MASON COUNTY COMMISSION, held on the 9th day of February, 2005, the following order was made and entered:

SUBJECT: The revision to the General County FUND BUDGET of the MASON COUNTY COMMISSION

RESOLVED: That subject to the approval of the State Tax Commissioner (as required), the MASON COUNTY COMMISSION does hereby direct that the budget be revised as shown on budget revision number 4, a copy of which is entered as part of this record.

The adoption of the foregoing resolution having been moved by Epling, Commissioner, and duly seconded by Baird, Commissioner, the vote thereon was as follows:

Robert C. Baird — YES / NO
Mike Epling — YES / NO
_____ — YES / NO

Whereupon, Robert C. Baird, Commission President, declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED stated above, and the County Commission President is authorized to fix his signature on the attached "Request for Revision to Approved Budget" to be sent to the State Tax Commissioner for approval.

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73830-99

AFFIDAVIT

The undersigned members of the MASON COUNTY COMMISSION do hereby state that the attached request for revision to the General County FUND budget is requested prior to the expenditure or obligation of funds for which no appropriation or insufficient appropriation currently exists.

SIGNED:

Robert C. Davis 2/9/05
Commission President date

Mike Eplin 2/9/05
Commissioner date

2/9/05
Commissioner date

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

Castle & Harris, Inc., Spencer, WV Re-Order No. 7293D-99

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

HEALTH & HUMAN RESOURCES
LEGAL DIVISION

STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL

State Capitol Complex
Building 3, Room 210
Charleston, West Virginia 25305

(304) 558-2131
FAX (304) 558-8947

E-mail: cvaughan@wvdhhr.org

January 27, 2005

Damon B. Morgan, Jr.
Prosecuting Attorney
P.O. Box 433
Point Pleasant, West Virginia 25550

Dear Mr. Morgan:

I am in receipt of your January 6, 2005 letter and attached Order. In your letter you ask, on behalf of the Mason County Commission that the Department of Health and Human Resources, (hereinafter, Department), pay the Mason County Commission the sum approved by the Court to the special prosecuting attorney in the referenced Order (Case No. 03-JA-30).

It is the position of the Department and the Office of the Attorney General that pursuant to WV Code § 49-6-10, it is the duty of every prosecuting attorney to apply for relief under Chapter 49 proceedings. It is further the position of the Department and the Office of the Attorney General that pursuant to WV Code § 49-7-26, this duty of the prosecuting attorneys is to be rendered to the Department's Bureau for Children and Families without additional compensation. Therefore, your request is respectfully denied.

As for your additional request that the Department develop some manner by which it will provide representation in Chapter 49 child abuse and neglect proceedings in which the county prosecutor has been disqualified, it is my opinion that this is not necessary. Past practice has been for a county prosecutor who has a conflict in representing the Department in a civil child abuse and neglect case to apply for an order appointing an adjoining county prosecutor to represent the Department.

Believe me, I am aware of shrinking government agency budgets. In an attempt to assist you with this perceived problem, may I suggest you consider the provisions of Rule 1.7 of the Rules of Professional Conduct, which permit clients to make informed waivers of a conflicts. I am not aware that the Department has ever been offered this option by any county prosecutor.

ORDERS—Mason County Commission, W. Va.
TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

Damon B. Morgan, Jr.
January 27, 2005
Page Two

Thank you for the opportunity to respond.

Sincerely,

Charlene A. Vaughan
Deputy Attorney General/DHHR
Legal Counsel

CAV/
cc: Martha Y. Walker
Margaret Waybright
Fran Hughes
AG/BCF Attorneys
Mason County Commission

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73020-00

OFFICE OF THE
PROSECUTING ATTORNEY
MASON COUNTY
P.O. BOX 433
POINT PLEASANT, WEST VIRGINIA 25550

DAMON B. MORGAN, JR.
PROSECUTING ATTORNEY

TELEPHONE: (304) 675-5734
FACSIMILE: (304) 675-5704

February 1, 2005

Charlene A. Vaughn, General Counsel
Department of Health & Human Resources
State Capitol Complex, Building 3, Room 210
Charleston, WV 25305

Re: Mason County Circuit Court
Case No. 03-JA-30

Dear Ms. Vaughn:

Your letter does not address the issue presented in my letter of January 6, 2005.

The first response you give is that it is the statutory duty of a prosecuting attorney to represent the Department in abuse and neglect proceedings. This Office performs this duty on a regular basis; however, when a conflict arises, it is not ethically permissible to do so.

Secondly, you cite past practice of appointment of a prosecutor from an adjoining county. When no prosecutor in an adjoining county will agree to take the case, the Department is still without representation. Again, the system for appointment of special prosecutors established by the Legislature through the Prosecuting Attorneys Institute applies only to criminal prosecutions.

Finally, you mention a waiver of the conflict. I am sure the Department would rather waive a conflict of a prosecutor rather than incur the inconvenience of the State performing a function for one of its own departments. When the conflict is not with the Department but with a respondent party, the respondent may not be willing to waive the conflict, as in this case.

Your attempt to assist with this very real, rather than perceived, problem, however, does nothing but skirt the issue. Although I have agreed in the past to provide pro bono representation to the Department in other counties, mostly in Roane County, I doubt that your response will foster an amenable attitude to any further such volunteerism in this area.

Sincerely,

Damon B. Morgan, Jr.
Prosecuting Attorney

cc: Mason County Commission ✓
Martha Y. Walker
Margaret Waybright

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-00

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

Phone (304) 340-0300
FAX (304) 340-0325

January 31, 2005

Ms. Betty Carney
Route 1, Box 272
Given, WV 25245-9738

Dear Ms. Carney:

Your letter dated August 23, 2004, to Chairman Edward H. Staats concerning your request for new water service on Jim Ridge and Manilla Ridge in Jackson and Putnam Counties, has been referred to the Water and Wastewater Division for response.

My Staff has reviewed the letter again and discussed the situation with Randy Grinstead, Manager of the Mason County Public Service District. He advised my Staff that there is no new information to offer to you in regard to the project status at this time. We appreciate your keen interest in this mainline extension for your area.

I am encouraging you to attend the various County Commission(s) meetings and the District(s) Board meetings regularly. This will let them know that you are serious about wanting water service and they can demonstrate their intentions by developing a plan to serve these potential customers.

Sincerely,

Amy L. Swann, Director
Water and Wastewater Division

ALS:jt

cc: Edward H. Staats, Chairman
Joe Manchin, Governor
Senator John D. Rockefeller, IV

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 73930-99

Congresswoman Shelley Moore Capito
Jackson County Commission
Mason County Commission ✓
Putnam County Commission
Southern Jackson Public Service District
Mason County Public Service District
South Putnam Public Service District
David Carvillano, Senior Operations Manager,
West Virginia-American Water Company

H:\THAYER\WPDOCS\[illegible]

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

Casto & Harris, Inc., Spencer, WV Re-Order No. 73930-99

Reduced Regional Jail Payment Schedule

2004/2005

Month	Amount Invoiced	Amount Paid	Unpaid Balance
June	40,725.00	30,000.00	9,870.00
July	52,913.50	20,000.00	42,783.50
August	60,431.00	20,000.00	83,214.50
September	42,049.50	20,000.00	105,264.00
October	48,015.00	20,000.00	133,279.00
November	46,996.50	20,000.00	160,275.50
December	38,509.00	20,000.00	178,784.50
Nov. Supp.	582.00	-0-	179,366.50
January	34,483.50	20,000.00	193,850.00

ORDERS—Mason County Commission, W. Va.

TERMS FEB 9 2005

Castle & Harris, Inc., Spencer, WV Re-Order No. 73930-00

Upon motion by Epling and unanimous agreement, this meeting was adjourned.

BOB BAIRD, PRESIDENT

MILES EPLING, COMMISSIONER

DIANA N. CROMLEY, CLERK

State of West Virginia, County of Mason, to-wit

I, CHARLES LANIER, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of the office of MEMBER OF THE MASON COUNTY PUBLIC SERVICE DISTRICT

_____ in Mason County, West Virginia, for the term of said office commencing on the 17th day of August, ~~19~~ 2006, to the best of my skill and Judgment. So help me God.

Charles R Lanier

Subscribed and sworn to before the undersigned this 17th day of August, ~~19~~ 2006.

Diane R Crosby

Clerk of the County Commission

State of West Virginia, County of Mason, to-wit

I, DORSEL KEEFER, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of the office of PUBLIC SERVICE DISTRICT BOARD MEMBER

_____ in Mason County, West Virginia, for the term of said office commencing on the 16TH day of MARCH, XX 2005, to the best of my skill and Judgment. So help me God.

Dorsel F Keefer

Subscribed and sworn to before the undersigned this 16TH day of MARCH, 20 2005.

John D. Gerlach

NOTARY PUBLIC

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
JOHN D. GERLACH
MASON COUNTY COMMISSION
209 6TH STREET
POINT PLEASANT, WV 25550
My Commission Expires July 8, 2012

BOOK 33 PAGE 282

State of West Virginia, County of Mason, to-wit

I, CURTIS HUNT, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of the office of MEMBER OF THE MASON COUNTY PUBLIC SERVICE DISTRICT

_____ in Mason County, West Virginia, for the term of said office commencing on the 17 TH day of AUGUST, 2004, to the best of my skill and Judgment. So help me God.

Curtis M Hunt

Subscribed and sworn to before the undersigned this 17TH day of AUGUST, 2004.

COUNTY COMMISSION WEST VIRGINIA MASON COUNTY, W.V.

Diana N. Crowley

Clerk of the County Commission

DIANA N CROWLEY
MASON County 12:24:48 PM
Instrument No 92817
Recorded Date 08/20/2004
Document Type OATH
Book-Page -

RULES OF PROCEDURE

MASON COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. The name of this Public Service District shall be MASON COUNTY PUBLIC SERVICE DISTRICT (the "District").

Section 2. The principal office of the District will be located in Point Pleasant, West Virginia.

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

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

ARTICLE II

PURPOSE

Section 1. The District is organized and operated exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of the District (the "Board") shall be those persons appointed by The County Commission of Mason County, West Virginia (the "County Commission"), 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 District 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 District 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.

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

Section 4. Each board member shall, within 6 months of taking office, successfully complete the training program established and administered by the Public Service Commission of West Virginia in conjunction with the West Virginia Department of Environmental Protection and the West Virginia Bureau for Public Health.

Section 5. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the District, nor shall a former board member be hired by the District in any capacity within a minimum of 12 months after such board member's term has expired or after such board member has resigned from the Board.

Section 6. Salaries of the board members shall be established as provided in Chapter 16, Article 13A, Section 4 of the Act. The District shall certify the number of customers served to the Public Service Commission of West Virginia on the first day of July each year. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties.

Section 7. The members of the Board are not personally liable or responsible for any obligations of the District or the Board but are answerable only for willful misconduct in the performance of their duties.

ARTICLE IV

MEETINGS OF THE BOARD

Section 1. The members of the Board shall hold regular monthly meetings on such days of each month and 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 Chairperson or by a quorum of the Board.

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

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 72 hours 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 at such meeting, and no business other than that stated in the notice shall be transacted at such special meeting.

Section 4. Pursuant to Chapter 6, Article 9A, Section 3 of the Code of West Virginia, 1931, as amended, 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 as follows:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the Mason County Courthouse, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 72 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
Point Pleasant Register	200 Main Street Point Pleasant, WV 25550

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of these Rules of Procedure, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately be given to the public and news media by posting at the places and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting is to be held. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the Mason County Courthouse, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 72 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 3. Emergency Meetings. The Board may hold a meeting without providing the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Board member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated,

voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 5. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 4 above.

ARTICLE V

OFFICERS

Section 1. The officers of the Board shall be a Chairperson, Secretary and Treasurer. The Chairperson shall be elected from the members of the Board. The Secretary and Treasurer need not be members of the Board.

Section 2. The officers of the Board shall be elected each year by the members at the first meeting after the first day of January of each 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 Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the

next annual organizational meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairperson shall preside as Chairperson at all meetings of the Board. He/She shall, together with the Secretary, sign the minutes of all meetings at which he/she shall preside. He/She shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him/her by the Board, by these Rules of Procedure, or prescribed by law. He/She shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements, or other documents 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. If the Chairperson is absent from any meeting, the remaining members of the Board shall select a temporary chairperson.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. Duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. He/She shall, together with the Chairperson, sign the minutes of the meetings at which he/she is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out 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/her 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. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public inspection. At the end of his/her term of office, the Treasurer shall promptly deliver all financial records of the District to his successor in office. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

Section 5. No money may be paid out by the District except upon an order signed by the Chairperson and Secretary, or such other person or persons authorized by the Chairperson or the Secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the Board.

Section 6. The members and officers of the Board shall make available to the County Commission, at all times, all of its books and records pertaining to the District's operation, finances and affairs, for inspection and audit.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

Section 1. These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board when a quorum is present and a majority of those present vote for the alteration, change, amendment or addition; but no such alteration, change, amendment or addition shall be made at any special meeting unless notice of the intention to propose such alteration, change, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such special meeting.

Adopted this 3rd day of June, 2004.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Mason County Public Service District on June 3, 2004.

Dated this 8th day of June, 2004.

[SEAL]

Mary L. Smith
Secretary

05/07/04
100424/00307

M I N U T E S

MASON COUNTY PUBLIC SERVICE DISTRICT

January 21, 2010

The Board of Directors met in Pt. Pleasant on January 21, 2010. In attendance were: Dorsel Keefer, Curtis Hunt, Charles Lanier, Randy Grinstead, David Nibert and Mary Smith. Mr. Keefer called the meeting to order.

Item 1 - Election of Officers
Mr. Lanier made a motion to retain the present Board member positions. The motion was seconded by Mr. Hunt. Motion passed.

Item 2 - Calendar Year Meeting Dates and Time
Mr. Hunt made a motion to continue the present schedule of the third Thursday of each month at 4:00 p.m. for the Board meetings. Mr. Lanier seconded. Motion passed.

Item 3 - Approval of Minutes
A motion was made by Mr. Lanier to approve the Minutes of the December 17, 2009 meeting. Mr. Hunt seconded. Motion passed.

Item 4 - Approval of Expenditures
Mr. Hunt made a motion to approve the expenditures, as presented. It was seconded by Mr. Lanier. Motion passed.

Item 5 - Accounting Services Agreement
Mr. Grinstead brought the members up to date on accounting.

Item 6 - PLC Transfer of WV Division of Forestry Property to Mason County Development Authority
Mr. Grinstead advised the Directors that the tree nursery is supposedly being closed.

Item 7 - De-application - Lakin Lagoon NPDES Modification
Mr. Grinstead reported on a meeting held in Charleston with the DEP and Department of Corrections. After discussion, Mr. Lanier made a motion to withdraw the Application, which was seconded by Mr. Hunt. Motion passed.

Item 8 - City of Pt. Pleasant Agreements
The City has done nothing formal as of this date.

Item 9 - USACE Hazardous Toxic Radioactive Waste Study Award
Mr. Grinstead informed the members that in order to receive the $900,000 from the Corps of Engineers, a HTRWS is necessary. Cerrone prepared the solicitation and firms have submitted bids. They have recommended Potesta as the better choice, at a cost of $6,200. Mr. Lanier then made a motion to select Potesta to perform the study. Mr. Hunt seconded. Motion passed.

Item 10 - USACE Project Partnership Agreement; Other Agreements
Mr. Kelsh has petitioned the PSC to accept the grant. The PSC has prepared a Staff Memo for the ALJ. Staff has approved, but the final paper work is not yet ready.

Old Business

Item 1 - Rule 42 and 42T Hearing, December 21, 2009
Mr. Grinstead discussed the hearing and informed the members that we have since received the PSC Preliminary Order. We have received what we requested, both for project and non-project.

Mr. Lanier made a motion to adjourn the meeting, seconded by Mr. Hunt. Motion passed.

Respectfully submitted,

Chairman

Secretary

091063alj011310.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

EXCEPTIONS FILED

Entered: January 13, 2010

CASE NO. 09-1063-PWD-42T-PC-PW-CN

MASON COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Point Pleasant, Mason County.
Application for a general increase to rates and charges; for a certificate of convenience and necessity; consent an approval of vehicle loan; and for waiver of the obligation to accept payment from customers at the door.

RECOMMENDED DECISION

On June 6, 2009, the Mason County Public Service District (Utility) filed an application to increase its rates and charges by approximately 9%; an application for a certificate of convenience and necessity; a request for an additional rate increase associated with the project over and above the 9% rate; a request for approval of a loan from the Ohio Valley Bank; and a request to waive Rule 4.8.a.7.

On June 26, 2009, the Commission ordered the Utility to publish notice of its filings in newspapers published and generally circulated in Mason, Putnam, Cabell and Jackson Counties.[1] The Commission ordered the Utility to submit affidavits of publication immediately after publication.

On July 23, 2009, the Commission referred the matter. The current decision due deadline on the Rule 42T issues is January 22, 2010. The current decision due deadline on the certificate application is March 9, 2010. The current suspension period for the Rule 42T rates is April 22, 2010.

On August 21, 2009, Roger Edwards, Jr., filed a protest to the Utility increasing its rates.

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[1]The required notice discussed rate increases anticipated for both project and non-project costs.

On September 25, 2009, Staff filed its final recommendations for both the 42T rate increase and the certificate project.

On October 9, 2009, the Utility objected to the Staff recommendation.

By Procedural Order issued on November 17, 2009, the Rule 42 issues were set for hearing on December 21, 2009, and the certificate issues were set for a hearing on January 19, 2010.

A hearing was held on December 21, 2009. At the hearing, all issues were resolved by a settlement between the parties.

By Procedural Order issued on December 22, 2009, the hearing scheduled for January 19, 2010, was canceled.

EVIDENCE

The Utility and Staff entered into a stipulation resolving both the non-project rate increase and the certificate case issues. (Tr. 7; Joint Ex. 1). Staff originally recommended a 6% across-the-board rate increase not related to the certificate and a 31.8% across-the-board increase related to the certificate. (Tr. 10).

To come to the settlement rate, Staff adjusted certain salary levels for employees that were recently hired. (Tr. 12, 13). Staff further adjusted its recommendation to reflect the loss of certain interest income for the Utility. (Tr. 14). Staff also made an adjustment to reflect the loss of the Utility's revenues from the lower Evans Public Service District system which will now purchase its water from a different supplier. (Tr. 14, 15). After the adjustments in the joint stipulation, Staff is recommending a 15% across-the-board non-project rate increase. (Tr. 16). Staff now recommends a 29.5% increase in rates for the certificate case. Staff recommends approving the Utility's petition for borrowing from Ohio Valley Bank. (Tr. 19). The bi-monthly bill for an average customer using 4,500 gallons a month after both rate increases go into effect will be $79.20 or $39.60 per month. (Tr. 45).

Originally, the Staff Engineer recommended that certain parts of the extension project be denied because of their very low customer density. (Tr. 27, 28). The Engineer believed that certain parts of the project were not convenient because of their cost per customer. (Tr. 28). The Engineer now believes that the Utility has addressed his concerns. (Tr. 29). The original project included certain parts of the project with less than two customers per mile. (Tr. 31).

The Utility shortened one line in the Ambrosia area by 4,000 feet, shortened a line in the Harvey Chapel area by 800 feet and shortened a line in the Wolf Valley area by 700 feet. In each case, the line extended beyond the last customer who signed up for service. The Utility also reduced a line in the Harvey Chapel area from 4-inch to 2-inch because of customer density. (Tr. 35, 36). The Utility further eliminated 9,000 feet of line at Cap Ridge when not a single customer on

the proposed line would agree to service. None of the reductions in line length resulted in the loss of a single customer. (Tr. 36).

The Utility also made certain adjustments to the nature of the installation of the lines in certain areas where there was little or no berm on the highway. (Tr. 36, 37). The Utility admits that the customer density is low, but indicated that these are some of the last customers to be served in the county. (Tr. 37, 38). The Utility made certain changes to the design at the request of the Bureau of Public Health, including adding a booster station on Owl Hollow. (Tr. 38). The Utility believes that the changes all together would result in net savings of $320,000. (Tr. 40).

FINDINGS OF FACT

1. On June 6, 2009, the Utility filed an application for a certificate to make certain extensions and improvements to its water system and an application for a general non-project rate increase. The Utility also requested approval of a certain loan and waiver of Rule 4.8.a.7. (See filing).

2. The Utility properly published notice of its filing and only one letter of protest was filed. (See affidavits of publication and protest letter filed by Roger Edwards, Jr.).

3. The Utility has since withdrawn its request to waive Rule 4.8.a.7. (See Joint Ex. 1).

4. The Utility currently serves approximately 5,100 residential, 159 commercial, 38 public authority and four resale customers. One resale customer, the Evans Public Service District, is ceasing purchases from the Utility in 2010. (Staff Ex. 1).

5. At going level, the Utility had a cash flow deficit of $116,487 and a debt service coverage of 102%. (Staff Ex. 1).

6. The Rule 42 rates agreed to by the parties in the Stipulation result in a cash surplus of $1,490 and a debt service coverage of 124%. The rates constitute a 15% across-the-board rate increase. The post-project rates agreed to by the parties result in a cash surplus of $1,635 and a debt service coverage of 119%. The post-project rates constitute a 25.9% across-the-board rate increase. (Staff Ex. 2).

7. All of the Utility's current customers are in Mason County, but the new extension project will serve a limited number of customers in Putnam, Cabell and Jackson Counties. The Utility and the Mason County Commission will have to seek authority from the adjoining County Commissions to serve those project locations. (Staff Ex. 1).

8. The Utility bills on a bi-monthly basis. The rural nature of the service territory requires meter readers to travel about 500 miles a month to read all the meters. (Staff Ex. 1).

9. The Utility currently experiences demand peaks which approach its current water production capacity. Shedding Evans Public Service

District as a customer will reduce demand by about 82,000 gallons per day. The Utility has a relative large storage capacity which helps with water availability. The project will also increase production capacity. (Staff Ex. 1).

10. The Utility has a history of frugal spending on its vehicles, purchasing most of them from State surplus. The current Utility fleet is high mileage, high maintenance and low availability. (Staff Ex. 1).

11. Eight of the Utility's 17 storage tanks are older welded steel tanks, most of which have not been painted in 25 years. The proposed project includes painting these eight tanks. (Staff Ex. 1).

12. The Utility's lost water is much smaller than most rural systems, but has been increasing over time. The Utility currently has no formal leak detection program. (Staff Ex. 1).

13. The Utility seeks Commission approval for a loan from the Ohio Valley Bank in the amount of $59,892 with a 4.2% interest rate for thirty-six months to purchase three vehicles. (See application; Staff Ex. 1; Joint Ex. 1).

14. The five-year average of annual capital additions for the Utility is $19,924. The Staff Engineer recommended an additional $13,500 for specific engineering needs of the Utility. The required Renewal and Replacement reserves amount to $53,213. (Staff Ex. 1).

15. The proposed project will extend service to 232 new customers and provide capacity enhancements to the system. The project includes four new production wells, two new storage tanks, two new booster stations, and 48.5 miles of new line. The proposed cost of the project is $11,750,000. (Staff Ex. 1).

16. The proposed financing for the project is two Rural Utilities Service (RUS) grants in the total amount of $2,709,000; an RUS loan in the amount of $5,260,000 at 4.125% for 40 years; and another RUS loan in the amount of $3,781,000 at 4.375% for 40 years. (See application and Staff Ex. 1).

17. The Utility has already obtained numerous permits for the project, including three permits from the Bureau for Public Health (Permit Nos. 17,995, 17,996 and 18,157); Department of Highway Permits; Department of Environmental Protection Permit WV0115924; Historic Preservation clearance; and a Department of Natural Resources Right of Entry Permit. (Staff Ex. 1).

18. Originally, the Staff Engineer questioned certain parts of the extension project given the extremely low customer density. The Utility responded by eliminating a significant amount of lines without eliminating a single customer. Staff concluded that the modifications to the project were sufficient to eliminate its concerns. The modifications made by the Utility saved a net amount of $320,000 (Staff Report; Tr. 27 to 39; Joint Exhibit 1).

19. The customers to be served by the proposed extension currently have no access to public water service. The Utility also needs to

increase its production capacity in order to continue providing adequate service to its customers. (Staff Ex. 1).

20. The project will result in an increase in the Utility's operation and maintenance expense by $120,339. (Staff Ex. 1).

CONCLUSIONS OF LAW

1. The pre-construction rates agreed to by the parties in the Stipulation 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 April 22, 2010.

2. Public convenience and necessity require the proposed project.

3. The proposed financing for the project is reasonable and should be approved.

4. The post-construction rates agreed to by the parties in the Stipulation 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.

5. The Utility's request for approval of a loan from the Ohio Valley Bank in order to purchase three vehicles is reasonable and should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the rates attached as Appendix A be, and hereby are, approved for use by the Mason County Public Service District for all service rendered on and after April 22, 2010. The Utility shall file with the Commission a proper tariff and at least five copies within thirty days of the date that this Order becomes final.

IT IS FURTHER ORDERED that the Mason County Public Service District's request for Commission approval of a loan from the Ohio Valley Bank in the amount of $59,892 with a 4.2% interest rate for thirty-six months to purchase three vehicles be, and hereby is, approved.

IT IS FURTHER ORDERED that the Mason County Public Service District be, and hereby is, granted a certificate of convenience and necessity to construct the improvements and extensions its water system described in its application of June 6, 2009, and as modified by descriptions of certain line deletions at the hearing held on December 21, 2009. The cost of the proposed project shall not exceed $11,750,000. Approval is contingent on the Utility obtaining all necessary state and federal permits.

IT IS FURTHER ORDERED that the proposed financing for the certificate project, consisting of two Rural Utilities Service (RUS) grants in the total amount of $2,709,000; an RUS loan in the amount of $5,260,000 at 4.125% for 40 years; and another RUS loan in the amount of $3,781,000 at 4.375% for 40 years, be, and hereby is approved.

IT IS FURTHER ORDERED that the rates and charges attached hereto as Appendix B be, and hereby are, approved for use by Mason County Public Service District for all service rendered on and after the date that the project certificated herein is certified as substantially complete. The Utility shall file a revised tariff with the Commission setting forth the rates and charges herein approved within thirty (30) days of the date of substantial completion.

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 in this proceeding, 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 of the issuance of such documents.

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

IT IS FURTHER ORDERED that the Utility obtain authority from the County Commissions of Cabell, Putnam and Jackson Counties prior to extending water lines into those counties.

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.

K. A. George

Keith A. George
Administrative Law Judge

KAG:cdk
091063ac.wpd

MASON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 09-1063-PWD-42T-PC-PW-CN

APPROVED RATES

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial and industrial service.

RATES (customers with metered water supply)

First	6,000 gallons used bimonthly	$7.68	per 1,000 gallons
Next	14,000 gallons used bimonthly	$5.61	per 1,000 gallons
Next	20,000 gallons used bimonthly	$5.14	per 1,000 gallons
Next	60,000 gallons used bimonthly	$4.04	per 1,000 gallons
All Over	100,000 gallons used bimonthly	$3.73	per 1,000 gallons

MINIMUM CHARGE
No minimum bill will be rendered for less than $46.09 bi-monthly based on the following meter sizes:

5/8-inch meter	$ 46.09 bimonthly
3/4-inch meter	$ 69.14 bimonthly
1 -inch meter	$ 115.23 bimonthly
1-1/4-inch meter	$ 168.23 bimonthly
1-1/2-inch meter	$ 230.45 bimonthly
2 -inch meter	$ 368.72 bimonthly
3 -inch meter	$ 737.44 bimonthly
4 -inch meter	$1,152.25 bimonthly
6 -inch meter	$2,304.50 bimonthly
10 -inch meter	$5,761.25 bimonthly
12 -inch meter	$9,448.45 bimonthly

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

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

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

A tap fee of $300.00 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.

ADMINISTRATIVE FEE

$25.00

In the event the District collects payment in full of a delinquent water bill at the customer's premises, in lieu of a discontinuance of service for non-payment, an administrative fee of $25.00 shall also be collected in addition to the delinquent water bill.

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.

LEAK ADJUSTMENT

$0.52 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 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 the bank due to insufficient funds.

RESALE RATE

All water for resale to Evans Public Service District, Gallipolis Ferry Water District, J2Y35 Water Association and West Virginia-American Water Company will be billed in accordance with the approved rate of $2.88 per 1,000 gallons.

MASON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 09-1063-PWD-42T-PC-PW-CN

APPROVED POST-PROJECT RATES

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial and industrial service.

RATES (customers with metered water supply)

First	6,000 gallons used bimonthly	$9.67 per 1,000 gallons
Next	14,000 gallons used bimonthly	$7.07 per 1,000 gallons
Next	20,000 gallons used bimonthly	$6.47 per 1,000 gallons
Next	60,000 gallons used bimonthly	$5.08 per 1,000 gallons
All Over	100,000 gallons used bimonthly	$4.69 per 1,000 gallons

MINIMUM CHARGE
No minimum bill will be rendered for less than $58.02 bi-monthly based on the following meter sizes:

5/8-inch meter	$ 58.02 bimonthly
3/4-inch meter	$ 87.03 bimonthly
1 -inch meter	$ 145.05 bimonthly
1-1/4-inch meter	$ 211.77 bimonthly
1-1/2-inch meter	$ 290.10 bimonthly
2 -inch meter	$ 464.16 bimonthly
3 -inch meter	$ 928.32 bimonthly
4 -inch meter	$ 1,450.50 bimonthly
6 -inch meter	$ 2,901.00 bimonthly
10 -inch meter	$ 7,252.50 bimonthly
12 -inch meter	$11,894.10 bimonthly

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

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

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

A tap fee of $300.00 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.

ADMINISTRATIVE FEE

$25.00

In the event the District collects payment in full of a delinquent water bill at the customer's premises, in lieu of a discontinuance of service for non-payment, an administrative fee of $25.00 shall also be collected in addition to the delinquent water bill.

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.

LEAK ADJUSTMENT

$0.77 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 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 the bank due to insufficient funds.

RESALE RATE

All water for resale to Evans Public Service District, Gallipolis Ferry Water District, J2Y35 Water Association and West Virginia-American Water Company will be billed in accordance with the approved rate of $3.62 per 1,000 gallons.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 23rd day of March 2010.

CASE NO. 09-1063-PWD-42T-PC-PW-CN

MASON COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Point Pleasant, Mason County.

Application for a general increase to rates and charges, for a certificate of convenience and necessity, consent and approval of vehicle loans, and for waiver of the obligation to accept payment from customers at the door.

COMMISSION ORDER

The Commission grants the exceptions of the Mason County Public Service District (District), but rejects the rate increases granted by the Recommended Decision of January 13, 2010, granting instead the rate increases contained in the original case filing.

BACKGROUND

On June 26, 2009, the District filed (i) a new tariff setting forth increased rates and charges on Notice and with a proposed effective date under Rule 22 of the Commission Rules for the Construction and Filing of Tariffs, 150 C.S.R. 2-9.1 (Tariff Rules), (ii) an application for a certificate of convenience and necessity (Certificate) to consolidate the Capacity Enhancement Project with the Conglomo II project, (iii) a request for an additional post-project rate increase, (iv) a request for approval of a loan, and (v) a request for a waiver of the obligation under Rule 4.8.a.7 of the Commission Rules for the Government of Water Utilities, 150 C.S.R. 7 (Water Rules), to accept payment from customers at the door rather than terminating service for nonpayment. With the new tariff, the District filed the information required by Tariff Rule 42T and Tariff Form No. 2.

On July 23, 2009, the Commission (i) suspended the proposed rate increase until January 23, 2010, (ii) noted that the statutory deadline for a decision on the Certificate application is December 23, 2009 or, if substantial protests are filed, February 6, 2010, and (iii) referred the case to the Division of Administrative Law Judges for a decision on the Tariff

Rule 42T application on or before November 23, 2009, and a decision on the Certificate application by November 9, 2009, or, if substantial protests were received, December 8, 2009.

On August 21, 2009, a member of the public filed one protest to the rate increase application.

On September 25, 2009, Commission Staff filed a Final Joint Staff Memorandum recommending (i) approval of the Certificate application to construct two portions of the project, the Conglomo II Water Line and the Capacity Enhancement Project, subject to certain conditions, (ii) increased water rates, (iii) approval of the request to enter into a loan with the Ohio Valley Bank to purchase three vehicles, and (iv) denial of the request for a waiver of Water Rule 4.8.a.7.

On September 29, 2009, the ALJ issued an order requiring the District to file affidavits of publication within ten days.

After meeting with Staff regarding the Final Staff Report, the District filed a letter announcing its agreement to (i) use radio-read meters instead of touch-read meters for the customers added by the Conglomo II project and to pursue funding for that change and (ii) withdraw its request for a waiver of the obligation to collect payment at the door.

On October 1, 2009, the District filed affidavits evidencing publication of the Certificate application in newspapers of general publication in Mason, Cabell, Putnam, and Jackson counties. The published notices included notice of the proposed certificate project and the rate increases. The rate increases included in the published notices reflected a proposed Tariff Rule 42T rate increase of 9% and an additional 30% increase in post-project rates.

On October 13, 2009, the District moved to toll the suspension period for the Tariff Rule 42T rate increase and ALJ decision due date by sixty days and the statutory deadline and ALJ decision due date for the Certificate application by 120 days. The District represented it concurred with Staff about certain rate issues raised in the Staff Report but the parties needed time to finalize a settlement or to prepare for a hearing if the parties could not reach an agreement. On November 6, 2009, the Commission granted the tolling as requested by the District.

On November 17, 2009, the ALJ set a hearing for the Tariff Rule 42T issues on December 21, 2009 and a hearing for the certificate issues on January 19, 2010. The ALJ held the December hearing as scheduled, but in a Procedural Order dated December 22, 2009, cancelled the January hearing, stating that the certificate issues would be resolved later by Recommended Decision. During the December 21, 2010 hearing, Staff and the District offered a Joint Stipulation and Agreement for Settlement (Attached hereto as Exhibit A) that Staff and the District had entered into prior to the hearing. Staff witnesses provided testimony in support of the Joint Stipulation. That Joint Stipulation and Agreement for Settlement

included an agreed-upon 15% increase in the Tariff Rule 42T rates and an additional 25% in post-project rates. No notice of these particular rate increases was provided to the public.

On January 13, 2010, the ALJ entered a Recommended Decision, granting the rate increases and approving the certificate project and financing for the project and the purchase of three new vehicles.

On January 28, 2010, the District filed exceptions to the Recommended Decision requesting that the Commission strike Finding of Fact No. 7, which reads as follows:

> All of the Utility's current customers are in Mason County, but the new extension project will serve a limited number of customers in Putnam, Cabell and Jackson Counties. The Utility and the Mason County Commission will have to seek authority from the adjoining County Commissions to serve those project locations. (Staff Ex. 1).

The District requested that the Commission also strike the ordering paragraph in the Recommended Decision that required the District to obtain permission from the County Commissions of Putnam, Cabell and Jackson Counties to serve those project locations. On October 9, 2009, the District indicated in a letter filed in response to the Final Joint Staff Memorandum that the District had informed Staff that the District had long served customers in Putnam, Cabell and Jackson counties county commission and that no new extensions into these counties were proposed by the project. The District stated that Staff then acknowledged that no orders from these other county commissions were needed. The District added that upon further review that the project would extend service to one new customer in Putnam county by way of a 600-foot length of pipe.

Finally, the District also requested the entry of a new ordering paragraph authorizing the District to provide water service in Putnam County to the extent proposed in its certificate application..

DISCUSSION

Exceptions

The District argues that Finding of Fact No. 7 is erroneous and should be struck from the Recommended Decision. The District cites its letter to the Commission filed on October 9, 2009, in which the District responded to the Final Joint Staff Memorandum. In response to the position of Staff that the District had customers only in Mason County and needed to get permission from the county commissions of Putnam, Cabell and Jackson counties, the District noted that it had informed Staff that it has long served customers in Putnam, Cabell and Jackson counties and that the proposed project would not include any new extensions into those counties. The District asserts that when so informed, Staff acknowledged that no orders from those county commissions was required. Staff made no filing contradicting this

assertion.

The District notes in its exceptions that following the entry of the Recommended Decision, it reviewed its project plans and found that it had overlooked one new extension of 600 feet to serve one new customer in Putnam County in the construction project. The District believes, however, that it is nonetheless not required to obtain permission from the Putnam County Commission for this new extension. The District cites W.Va. Code § 16-13A-8, contending that it permits public service districts to go up to ten miles beyond their territorial boundaries into unincorporated areas to serve customers. The District also cites Commission Case No. 08-1867-PWD-T-PC-CN, Jane Lew Public Service District (April, 2009), as holding that a District whose territory is established by one county and does not include any portion of a neighboring county can extend service to customers in the neighboring county without obtaining permission the county commission of that neighboring county.

The Commission agrees with the District that W.Va. Code § 16-13A-8 does permit a public service district to go up to ten miles beyond its territorial boundary into unincorporated areas to serve customers. The Commission notes, however, that W.Va. Code § 16-13A-8 also requires in certain circumstances that a public service district obtain permission from cities, towns and municipal corporations (and from the Commission) for extensions providing service to customers those municipalities could serve. It is clear that the statute does not provide for a public service district to proceed beyond its boundaries without consideration of entities that may already be in place and able to serve new customers. Our review of the statute, however, does not reveal any reference to county commissions.

The Commission also recognizes that in the Jane Lew case it did permit the Jane Lew Public Service District to serve customers in an area already served by the Greater Harrison Public Service District. The Commission notes, however, that the Jane Lew case is factually distinct from the instant case. In the Jane Lew case, the Jane Lew Public Service District already had in hand an agreement with the Greater Harrison Public Service District to serve the customers in question. Greater Harrison conceded that it could not provide service to the customers in the area in question and agreed that the Jane Lew Public Service District should. In the instant case, the District has no such agreement. While it is true that the Commission did not require that the Jane Lew Public Service District obtain permission from the Harrison County Commission, the District did file, on January 5, 2009, letters from both the Harrison and Lewis County Commissions indicating their consent to the extension by the Jane Lew Public Service District into the Clay Lick area.

The Commission notes finally that the construction project in the instant case was properly notice by publication in Mason, Putnam, Cabell, and Jackson. No entity protested the proposed project as potentially adversely affecting its interest or the interest of the public or requested intervenor status as an interested party. There was one member of the public who protested the rate increases.

The Commission therefore agrees with the District that obtaining permission from the Putnam County Commission is, under these circumstances, unnecessary and will adopt neither Finding of Fact No. 7 of the January 13, 2010 Recommended Decision nor the ordering paragraph requiring the District to obtain permission for its proposed project from the county commissions of Putnam, Cabell and Jackson counties.

Rate Increases and Notice

The District originally filed a tariff filing to increase rates on notice. This filing gave rise to a statutory time frame within which the Commission must rule on the requested rates. Although the statutory deadline was subsequently tolled at the request of the District, such tolling cannot be indiscriminate nor can it be expected in all tariff filings on notice. Hence, the requirement that a utility provide its requested rates and complete justification for its requested rates at the time of filing cannot be taken lightly. Likewise, the requirement to give customers complete and accurate notice of the revenue increase requested by a utility cannot be taken lightly.

Public notice of rates is designed to provide customers with knowledge of the amount of additional revenue the utility is requesting. The Commission has become concerned with an apparent increase in the number of rate and certificate application proceedings that conclude with orders approving utility revenue requirements that are higher than the revenue requirements originally requested and noticed to the public. When utilities file for tariff increases with an effective date that are then subject to statutory time limits for Commission review, they should be aware that the running of the statutory clock does not leave a lot of room for modifications to the requested rates and additional public notice. Furthermore, utilities are required to justify their tariff filings with financial support that fully reflect the data that they are relying on to justify the requested rate increase. The Commission is concerned with an increasing number of incomplete filings that start the statutory clock running, followed during the processing of the case by one or more petitions to toll the running of the statutory suspension period to allow for modifications and updates to the data supporting a rate increase or even to attempt to support higher rates than originally requested.

The Commission believes that its Staff, the Division of Administrative Law Judges and public utilities may be misinterpreting the language in the notice required by the Commission to permit or even condone such outcomes. The form language that is the likely source of the misinterpretation warns that individual customers may receive increases that are greater or less than the noticed average increase, and that the noticed rates are only a proposal and are subject to change (increase or decrease) by the Commission in its review of the filing. (Tariff Form No. 8, Tariff Form No. 8-A, Tariff Form No. 8-B, Tariff form No. 8-C, Tariff Form No. 12, Tariff Form No. 13, M.C. Tariff Form No. 8, M.C. Tariff Form No. 8-A, M.C. Tariff Form No. 9, Rules of Practice and Procedure Form No. 14).

The Commission advises parties that this language is intended to provide customers with notice that the Commission has the flexibility to examine a requested revenue requirement and properly assign the increased revenues among the customer classes of a particular utility through rates, based on a class cost of service study and other appropriate ratemaking factors. The form language is not intended and was never intended to condone increases in rates that result in an overall revenue increase that significantly exceeds the overall revenue increase originally sought by a utility and noticed in a rate or certificate filing. While a Commission audit and investigation of a utility may result in a conclusion that a higher overall revenue requirement than was originally requested could be justified, the Commission believes that to approve a substantially higher revenue requirement without public notice would be contrary to the intent of the law and rules governing utility tariff filings with proposed effective dates (W. Va. Code §24-2-4a and Rule 8.1 of the Commission Rules for the Construction and Filing of Tariffs, 150 C.S.R. 2), and a violation of customer due process rights.

The only public notices provided in this case informed customers of a proposed immediate rate increase of 9% and a proposed additional 30% increase in post-project rates. (Affidavits of Publication filed October 1, 2009). At the December 21, 2009 hearing, Staff and the District offered a Joint Stipulation and Agreement for Settlement (Joint Exhibit 1, attached hereto as Exhibit A) that Staff and the District had entered into prior to the hearing. Staff witnesses provided testimony in support of the Joint Stipulation. That Joint Stipulation and Agreement for Settlement included an immediate 15% increase in the rates, in place of the originally proposed 9%, increase, and an additional increase of 25% in post-project rates, in place of the originally proposed 30% increase. No notice of these stipulated rate increases was provided to the public. The immediate increase of 15% greatly exceeds the overall increase requested by the District and the amount that was specified in the public notice. Even though the additional 25% increase to be implemented is lower than the original request, the combined effect of the 25% increase and the immediate 15% increase will result in an overall rate increase on a post-project basis that exceeds the original request and the aggregate amount indicated in the notice to the public.

The Staff revised recommendations as reflected in the proposed settlement show that the original request of the District was not unreasonable, and we find that the District has met its burden of proof with regard to the justness and reasonableness of its originally proposed increased rates. The Commission further concludes that a 15% rate increase as compared to a 9% rate increase is a substantial difference and, in the absence of any public notice of the 15% increase, it would be a violation of due process to allow the substantially higher rate increase to go into effect. In view of the lack of public notice and because the District tariff filing in this case stated an effective date and the statutory suspension period, following a tolling requested by the District, requires a final Commission Order by 12:01 a.m. March 24, 2010, the Commission must reject the Recommended Decision to the extent that it approves the rates included in the Joint Stipulation and Settlement Agreement and allow the suspended rates to go into effect. On March 19, 2010, the District filed a motion to modify the effective date of the new rates, bringing certain billing issues to the attention of the Commission.

Although the Commission finds the District's position highly unusual, the District asserts that it uses billing software that cannot pro-rate the increased rates if they begin on a date other than the beginning of a new billing period, and the District requests that the Commission allow the increased rates to become effective on all service rendered on and after March 15, 2010. The Commission will allow the modification in the effective dates, but, consistent with the motion of the District, these new rates will appear on bills no earlier than the end of May 2010, reflecting service rendered from March 15, 2010, through May 15, 2010.

If the District is in need of even higher rates it should file a new rate proceeding to obtain such rates.

FINDINGS OF FACT

1. On June 26, 2009, the District filed an application to increase rates and charges on Notice by 9% under Tariff Rule 22, an application for a Certificate to consolidate the Capacity Enhancement Project with the Conglomo II project, and a request for an additional post-project rate increase of 30%. The District also requested approval of project related financing and a loan for the purchase of vehicles, and a request for a waiver of the obligation to accept payment from customers at the door rather than terminating service for nonpayment.

2. On July 23, 2009, the Commission suspended the proposed rate increase until January 23, 2010. At the request of the District, this suspension period was later tolled to March 24, 2010.

3. The District published notice of the Certificate application in newspapers of general publication in Mason, Cabell, Putnam, and Jackson counties. The published notices included notice of the proposed certificate project and the proposed change of rates on Notice of 9% and proposed 30% increase in post-project rates. (Affidavits of Publication filed October 1, 2009).

4. No public notice was provided of the rates agreed to by the District and Staff in the Joint Stipulation and Agreement for Settlement (attached hereto as Exhibit A).

5. Several public notice forms attached to Commission rules contain language indicating that individual customers may receive increases that are greater or less than the noticed average increase, and that the noticed rates are a proposal only and are subject to change (increase or decrease) by the Commission in its review of the filing. (Tariff Form No. 8, Tariff Form No. 8-A, Tariff Form No. 8-B, Tariff form No. 8-C, Tariff Form No. 12, Tariff Form No. 13, M.C. Tariff Form No. 8, M.C. Tariff Form No. 8-A, M.C. Tariff Form No. 9, Rules of Practice and Procedure Form No. 14).

6. On January 13, 2010, the ALJ entered a Recommended Decision, granting, *inter alia*, the rate increases included in the Joint Stipulation and Agreement for Settlement and approving the certificate project. The Recommended Decision also required that the District obtain permission from the County Commissions of Putnam, Cabell and Jackson Counties to serve those project locations.

7. Following the entry of the January 13, 2010 Recommended Decision, the District reviewed its project plans and found that it had overlooked one new extension of 600 feet to serve one new customer in Putnam County in the construction project.

8. On January 28, 2010, the District filed exceptions to the Recommended Decision requesting that the Commission strike Finding of Fact No. 7 and the ordering paragraph in the Recommended Decision that required the District to obtain permission from the County Commissions of Putnam, Cabell and Jackson Counties to serve those project locations. The District cited W.Va. Code § 16-13A-8 and Commission Case No. 08-1867-PWD-T-PC-CN, Jane Lew Public Service District (April, 2009), as support for its exceptions. The District also requested the entry of a new ordering paragraph authorizing the District to provide water service in Putnam County to the extent proposed in its certificate application.

CONCLUSIONS OF LAW

1. West Virginia Code § 16-13A-8 permits a public service district to go up to ten miles beyond its territorial boundary into unincorporated areas to serve customers, but also requires in certain circumstances that a public service district obtain permission from cities, towns and municipal corporations (and from the Commission) for extensions providing service to customers those municipalities could serve. W.Va. Code § 16-13A-8 does not, however, refer to county commissions.

2. In Commission Case No. 08-1867-PWD-T-PC-CN, Jane Lew Public Service District (April, 2009), the Commission permitted the Jane Lew Public Service District to serve customers in an area already served by the Greater Harrison Public Service District without requiring permission from the Harrison County Commission.

3. The District gave proper notice to the public of the Certificate application in newspapers of general publication in Mason, Cabell, Putnam, and Jackson counties.

4. Public notice of rates is designed to provide customers with knowledge of the amount of additional revenue the utility is requesting. The language of the public notice forms listed above is intended to provide customers with notice that the Commission has the flexibility to examine a requested revenue requirement and properly assign the increased revenues among the customer classes of a particular utility through rates, based on a class cost of service study and other appropriate ratemaking factors.

5. The public notice form language paraphrased above was not intended to allow the Commission to approve rates that result in revenue increases that significantly exceed the revenue increases originally sought in a rate or certificate filing.

6. Even if a Commission audit and investigation of a utility results in a conclusion that a higher revenue requirement than was originally requested could be justified it, would be a violation of customer due process rights to approve a substantially higher revenue requirement without public notice.

7. A 15% rate increase as compared to a 9% rate increase is a substantial difference and, in the absence of any public notice, it would be a violation of due process to allow a substantially higher rate increase to go into effect.

ORDER

IT IS THEREFORE ORDERED that the exceptions of the District are granted, and the Commission declines to adopt Finding of Fact No. 7 and the ordering paragraph of the January 13, 2010 Recommended Decision that requires the District to obtain authority from the County Commissions of Cabell, Putnam and Jackson Counties prior to extending water lines into those counties. The Commission declines as superfluous the entry of a new ordering paragraph authorizing the District to provide water service in Putnam County to the extent proposed in its certificate application.

IT IS FURTHER ORDERED that the immediate 15% increase in the rates, and the additional increase of 25% in post-project rates contained in the Joint Stipulation and Agreement for Settlement and approved in the January 13, 2010 Recommended Decision are rejected and the rates contained in the original Notice of Filing are approved for all service rendered by the Mason County Public Service District on and after March 15, 2010.

IT IS THEREFORE ORDERED that the Mason County Public Service District file a tariff consistent with this Order on or before April 24, 2010.

IT IS FURTHER ORDERED that upon entry of this Order, this case shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order by electronic service on all parties of record who have filed an e-service agreement, and by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

RWC:tt
091063cd.wpd

EXHIBIT A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 09-1063-PWD-42T-PC-PW-CN

MASON COUNTY PUBLIC SERVICE DISTRICT,
a public corporation.

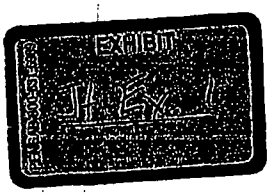
JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Comes now the Mason County Public Service District ("District"), and the Staff of the Commission ("Staff"), ("Stipulating Parties"), pursuant to Rule 13.4 of the Rules of Practice and Procedure, 150 WVCSR Series 1 ("Procedural Rules"), and join in this Joint Stipulation and Agreement for Settlement ("Joint Stipulation"). In support thereof, the Stipulating Parties respectfully represent as follows:

I. Procedural Background

1. On June 26, 2009, the District filed with the Public Service Commission ("Commission") an application pursuant to Tariff Rule 42T to increase rates and charges effective July 26, 2009; an application for a certificate of convenience and necessity; a request for an additional rate increase associated with the certificate project over and above the first rate increase; a request for approval of a loan from the Ohio Valley Bank; and a request to waive Water Rule 4.8.a.7.

2. On July 23, 2009, the Commission suspended the District's proposed rates, referred the matter to the Division of Administrative Law Judges, and set recommended decision due dates on the certificate application and on the non-project related rate increase.



3. On August 21, 2009, Roger Dale Edwards, Jr. filed a protest to the rate increase.

4. On September 10, 2009, in response to a motion from Staff, the Commission set a Staff Report due date.

5. On October 1, 2009, the District filed certification of notice demonstrating that it had properly provided notice to the District's resale customers, other customers, and to newspapers in the counties where the District provides service, with the last notice being provided on July 31, 2009.

6. On November 6, 2009, in response to a Motion from the District, the Commission tolled the suspension period on the non-project related rate increase to February 21, 2010, tolled the statutory due date on the certification application to April 22, 2010, and extended the decision due dates for the Administrative Law Judge Division to January 22, 2010 for the non-project related rate increase, and to March 9, 2010 for the certificate application.

7. On November 17, 2009, a procedural order was entered setting hearings for December 21, 2009 in the non-project related rate increase, and January 19, 2010 for the certificate application, and directing the District to send a copy of that order via certified mail to the sole protestant, Mr. Edwards.

8. On November 25, 2009, the District filed a copy of the certified letter it sent to Mr. Edwards.

II. Settlement Provisions

1. The Stipulating Parties stipulate into the record of this matter the documents identified in the foregoing Procedural Background.

2. The District and Staff have met several times to exchange information and views. The District and Staff concur in the propriety of Commission approval of the tariff attached hereto as Exhibit A in resolution of the non-project related rate increase. The rates shown on Exhibit A constitute a 15.0% across-the-board rate increase to all District water customers.

3. The District and Staff concur in the propriety of the entry of an order by the Commission authorizing the District to borrow $59,892 from the Ohio Valley Bank at an interest rate of 4.2% per annum payable over 36 months for the purpose of providing funds for the acquisition of three vehicles.

4. The District and Staff concur that the Commission should grant a certificate of convenience and necessity to the District for the proposed certificate project, contingent upon the District obtaining all necessary permits and approvals, approve funding therefor consisting of binding commitment letters from the U. S. Dept. of Agriculture, Rural Utilities Services, for $2,709,000 in grants, a $3,781,000 loan payable over 40 years at 4.375% interest per annum, and a $5,260,000 loan payable over 40 years at 4.125%, and the post-project rates as shown in the tariff attached hereto as Exhibit B. The rates shown on Exhibit B constitute a 25.9% across-the-board rate increase to all District water customers over and above the rates shown on Exhibit A. The District shall promptly file once received a copy of the bid tabulation sheets for the project, and certificates of substantial completion for each contract of the project.

5. The District has agreed to withdraw its request for waiver of Water Rule 4.8.a.7.

6. The Joint Stipulation is entered into subject to the acceptance and approval of the Commission. It is made without any admission or prejudice to any other positions that may be taken by any party on other issues, or to positions that may be taken by any party on the same or similar issues in subsequent proceedings.

7. The Stipulating Parties agree the Joint Stipulation is in the public interest and represents a consensus of a broad range of interests. The Joint Stipulation is fair, reasonable and supported by the record. The Stipulating Parties acknowledge that it is the Commission's discretion, however, to accept, reject or modify any Joint Stipulation. In the event that the Joint Stipulation is rejected or modified by the Commission, it is expressly understood that the Stipulating Parties are not bound to accept the Joint Stipulation as modified or rejected and may avail themselves of whatever rights are available to them by law including requesting to reconvene the hearing, and may pursue fully all issues and positions herein as if no proposed settlement or stipulation had been agreed to. In such circumstances, the Joint Stipulation shall not be admissible for any purpose other than enforcement of this paragraph.

WHEREFORE, on the basis of the foregoing, the Stipulating Parties respectfully request the Commission make appropriate findings of fact and conclusions of law adopting and approving the Stipulation.

MASON COUNTY PUBLIC SERVICE District

By Counsel

James V. Kelsh

James V. Kelsh, Esquire

STAFF OF THE PUBLIC SERVICE COMMISSION,
By Counsel

Wendy Braswell, Esquire

(masonpsd\...09-1063\Conglomo II...\
jt stip & agmt for settlement rev 12-21-09

REVISED STAFF RECOMMENDED 1 TARIFF

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

Available for general domestic, commercial and industrial service

(C,I) RATES (customers with metered water supply)

First	6,000	gallons bimonthly	$	7.68	per 1,000 gallons
Next	14,000	gallons bimonthly	$	5.61	per 1,000 gallons
Next	20,000	gallons bimonthly	$	5.14	per 1,000 gallons
Next	60,000	gallons bimonthly	$	4.04	per 1,000 gallons
All Over	100,000	gallons bimonthly	$	3.73	per 1,000 gallons

(C,I) MINIMUM CHARGE

No bill will be rendered for less than $46.09 bi-monthly based on the follwing meter sizes:

5/8 inch meter	$ 46.09	bimonthly
3/4 inch meter	$ 69.14	bimonthly
1 inch meter	$ 115.23	bimonthly
1 1/4 inch meter	$ 168.23	bimonthly
1 1/2 inch meter	$ 230.45	bimonthly
2 inch meter	$ 368.72	bimonthly
3 inch meter	$ 737.44	bimonthly
4 inch meter	$ 1,152.25	bimonthly
6 inch meter	$ 2,304.50	bimonthly
10 inch meter	$ 5,761.25	bimonthly
12 inch meter	$ 9,448.45	bimonthly

(C) 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.

(C) TAP FEE

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

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

A tap fee of $300.00 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.

(N) ADMINISTRATIVE FEE

$ 25.00

In the event the District collects payment in full of a delinquent water bill at the customer's premises, in lieu of a discontinuance of service for non-payment, an administrative fee of $25.00 shall also be collected in addition to the delinquent water bill.

STAFF RECOMMENDED I TARIFF

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.

(I) LEAK ADJUSTMENT

$ 0.52 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual 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.

(C, I) RESALE RATE

All water for resale to Evans Public Service District, Gallipolis Ferry Water District, J2Y35 Water Association and West Virginia-American Water Company will be billed in accordance to the approved rate of

$ 2.88 per 1,000 gallons.

(C) Indicates change in text
(I) Indicates Increase
(N) Indicates New

REVISED STAFF RECOMMENDED 2 TARIFF

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

Available for general domestic, commercial and industrial service

(I) RATES (customers with metered water supply)

First	6,000	gallons used per month	$	9.67	per 1,000 gallons
Next	14,000	gallons used per month	$	7.07	per 1,000 gallons
Next	20,000	gallons used per month	$	6.47	per 1,000 gallons
Next	60,000	gallons used per month	$	5.08	per 1,000 gallons
All Over	100,000	gallons used per month	$	4.69	per 1,000 gallons

(I) MINIMUM CHARGE

No bill will be rendered for less than $58.02 bi-monthly based on the follwing meter sizes:

5/8 inch meter		$58.02	bimonthly
3/4 inch meter	$	87.03	bimonthly
1 inch meter	$	145.05	bimonthly
1 1/4 inch meter	$	211.77	bimonthly
1 1/2 inch meter	$	290.10	bimonthly
2 inch meter	$	464.16	bimonthly
3 inch meter	$	928.32	bimonthly
4 inch meter	$	1,450.50	bimonthly
6 inch meter	$	2,901.00	bimonthly
10 inch meter	$	7,252.50	bimonthly
12 inch meter	$	11,894.10	bimonthly

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $300.00 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.

ADMINISTRATIVE FEE

$ 25.00

In the event the District collects payment in full of a delinquent water bill at the customer's premises, in lieu of a discontinuance of service for non-payment, an administrative fee of $25.00 shall also be collected in addition to the delinquent water bill.

REVISED STAFF RECOMMENDED 2 TARIFF

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.

(I) LEAK ADJUSTMENT

$ 0.77 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual 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.

(I) RESALE RATE

All water for resale to Evans Public Service District, Gallipolis Ferry Water District, J2Y35 Water Association and West Virginia-American Water Company will be billed in accordance to the approved rate of $ 3.62 per 1,000 gallons.

(I) Indicates Increase

United States Department of Agriculture
Rural Development
West Virginia State Office

June 21, 2007

Dorsel F. Keefer, Chairman
Mason County Public Service District
332 Viand Street
Point Pleasant, WV 25550

Dear Mr. Keefer:

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 $5,260,000 and an RUS grant in the amount of $790,000, for a total project cost of $6,050,000.

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

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

Attachment No. 1 - Project Construction Budget (All Copies)
Attachment No. 2 - Water and Waste Processing Checklist (All Copies)
Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
Attachment No. 8 - Government Auditing Standards (Revision 2003) (Accountant Copy)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

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

Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
Attachment No. 11 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.125% interest rate and a monthly amortization factor of 0.00435, which provides for a monthly payment of $22,881. 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 District may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the District's existing water revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 5,043 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users actually connected to the District's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

   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 are currently using the system.

4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. E-510, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on

Water and Waste Projects with RUS Financial Assistance" is enclosed for use by your engineer in the preparation of the engineering agreement. (Attachment No. 7).

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience an RUS "Legal Services Agreement" is enclosed for your use.

7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

   a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

   b. Prior to 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 (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the District. The attached booklets, "Government Auditing Standards (Revised 2003)" (Attachment No. 8), and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

   You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $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.

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

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

   c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will

be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

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

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

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

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

a. A Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

c. Approval of financing for the project's proposed financing arrangements.

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

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

a. Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 – $200,000. The limits of liability coverage noted herein should be considered as suggested

amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

b. Workers' Compensation - In accordance with appropriate State laws.

c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to the 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. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) EJCDC Document No. C-521, 2002 Edition, "Standard 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," is enclosed for use by your engineer in the preparation of the contract documents. (Attachment No. 7).

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

(1) Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 – $200,000. This coverage must include indemnification of the District and its engineer. The contract documents 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.

13. 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 District, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

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

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

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

14. Environmental Requirements -

a. SHPO Clearance – The West Virginia State historic Preservation Office (SHPO) has given a conditional clearance for this project with the understanding that the results of a Phase I archaeological survey, including documentation of identified archaeological sites, recommendations for further work, and project alterations or amendments, will be submitted to them for review. The SHPO clearance on the Phase I survey must be received prior to loan and grant closing.

b. If disturbance will occur outside the existing right-of-way, agencies must be contacted with the new project information and mitigation measures followed.

c. Mitigation Measures – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. The following list of action(s) is required for successful completion of the project and must be adhered to during project design and construction.

- The project will require a NPDES Stormwater Permit, which will set requirements for the placement of silt fences and straw bales, and the timely restoration of construction areas adjacent to streams.

- The construction contractor will be charged with the responsibility of mitigation emissions from construction equipment and fugitive dust from construction activities.

- All construction within the right-of-ways under the jurisdiction of the West Virginia Division of Highways will be controlled by a permit from the agency, requiring adequate signage, lights and/or flaggers to warn oncoming traffic of construction and maintain the controlled flow of traffic.

- It will be the responsibility of the construction contractor to maintain proper noise suppression devices on all equipment.

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

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

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

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

16. 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"
    FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

17. 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.

18. 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 District 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,

ROBERT M. STEPTOE III
State Director

Enclosures

cc: Rural Development Specialist (RUS)
Parkersburg, WV

Smith, Cochran and Hicks, CPAs
Charleston, WV

Bond Counsel

Cerrone Associates, Inc.
Wheeling, WV

Barry L. Casto, Esquire
Point Pleasant, WV

Attachment No. 1 to Letter of Conditions
For: Mason County Public Service District
Date: June 21, 2007

Project Construction Budget

PROJECT COST	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	$ 790,000	$ 3,470,000	$ 4,260,000
CONST. CONTINGENCY		$ 426,000	$ 426,000
LAND & RIGHTS		$ 153,500	$ 153,500
LEGAL FEES		$ 30,000	$ 30,000
BOND COUNSEL		$ 20,000	$ 20,000
ACCOUNTING		$ 30,000	$ 30,000
ENGINEERING FEES		$ 8,500	$ 8,500
Basic - $335,000		$ 712,650	$ 712,650
Insp. - $342,650			
Special - $35,000			
INTEREST		$ 222,850	$ 222,850
WELL TESTING PROGRAM		$ 80,000	$ 80,000
PROJECT CONTG.		$ 106,500	$ 106,500
TOTAL	**$ 790,000**	**$ 5,260,000**	**$ 6,050,000**

Rates

Available for general domestic, commercial, and industrial service.

Bi-Monthly	First	6,000	gallons @	$	8.52	per M gallons
Bi-Monthly	Next	14,000	gallons @	$	6.22	per M gallons
Bi-Monthly	Next	20,000	gallons @	$	5.71	per M gallons
Bi-Monthly	Next	60,000	gallons @	$	4.48	per M gallons
Bi-Monthly	Over	100,000	gallons @	$	4.13	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	$	51.12	per month
3/4"	meter	$	76.68	per month
1"	meter	$	127.80	per month
1 1/2"	meter	$	255.60	per month
2"	meter	$	408.96	per month
3"	meter	$	766.80	per month
4"	meter	$	1,278.00	per month
6"	meter	$	2,556.00	per month
8"	meter	$	4,089.60	per month

Minimum Bi-Monthly Bill $ 51.12 for 6,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - $100.00

After the start of construction, there shall be a charge of $300.00 for connection to the system.

Reconnection Charge

$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

MASON COUNTY PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXISTING SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 6,000	Next 14,000	Next 20,000	Next 60,000	Over 100,000	TOTAL REVENUE
0 - 6,000	13,735	67,105.00	13,735						
6,001 - 20,000	13,192	136,509.00		79,152.00	57,356.90				
20,001 - 40,000	1,004	25,970.00		6,024.00	14,056.00	5,890.07			
40,001 - 100,000	193	11,505.00		1,158.00	2,702.00	3,860.00	7,644.79		
Over 100,000	170	26,443.00		1,020.00	2,380.00	3,400.00	10,200.00	9,442.80	
Bi-Monthly Total	28,294	267,532.00	13,735	87,354.00	76,494.90	13,150.07	17,844.79	9,442.80	
Proposed Rates			$ 51.12	$ 8.52	$ 6.22	$ 5.71	$ 4.48	$ 4.13	
Annual Revenues			$ 702,133.20	$ 744,256.08	$ 475,798.28	$ 75,086.90	$ 79,944.66	$ 38,998.76	**$ 2,116,217.88**

Annualization Factor 1.02230907

Annual Revenue $ 2,163,428.73

MASON COUNTY PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
CONGLOMO 1 SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 6,000	Next 14,000	Next 20,000	Next 60,000	Over 100,000	TOTAL REVENUE
0 - 6,000	33	196.80	33						
6,001 - 20,000	295	2,361.60		1,771.20	590.40				
20,001 - 40,000									
40,001 - 100,000									
Over 100,000									
Bi-Monthly Total	328	2,558.40	33	1,771.20	590.40	0.00	0.00	0.00	
Proposed Rates			$ 51.12	$ 8.52	$ 6.22	$ 5.71	$ 4.48	$ 4.13	
Bi-Monthly Revenues			$ 1,686.96	$ 15,090.62	$ 3,672.29	$ -	$ -	$ -	**$ 20,449.87**

Annualization Factor	6.000000
Annual Revenue	**$ 122,699.23**
Adjustment Factor	0.99950000
Adjusted Annual Income	**$ 122,637.88**

MASON COUNTY PUBLIC SERVICE DISTRICT
OPERATING BUDGET

OPERATING INCOME		
Metered Sales	$ 2,286,067	
Penalties	$ 48,347	
Other Income	$ 3,451	
Sales for Resale	$ 34,578	
TOTAL OPERATING INCOME		$ 2,372,443
NON OPERATING INCOME		
Interest income	$ 13,979	
TOTAL NON OPERATING INCOME		$ 13,979
TOTAL INCOME		$ 2,386,422
EXPENSES		
O & M	$ 1,281,319	
Taxes	$ 45,425	
Replacement of Short-Lived Assets	$ 73,587	
TOTAL EXPENSES		$ 1,400,331
INCOME AVAILABLE FOR D/S		$ 986,091
DEBT SERVICE		
Existing Bond P & I	$ 570,564	
Proposed Bond P & I	$ 274,572	
TOTAL DEBT SERVICE		$ 845,136
DEBT SERVICE RESERVE		
Debt Service Reserve	$ 57,056	
Proposed Debt Service Reserve	$ 27,457	
TOTAL DEBT SERVICE RESERVE		$ 84,513
SURPLUS (DEFICIT)		$ 56,442
DEBT COVERAGE		117%

Attachment No. 2 to Letter of Conditions
For: Mason County Public Service District
Date: June 21, 2007

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			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			1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5
	Site Visit		S.I. 1780-2	RUS		Have	3
	Processing Conference	1	1780.39(a)	RUS		Have	3
	Environmental Report	2	1794	Applicant		Have	3
	Environmental Assessment	2	1794	RUS/ Engineer		Have	3
	Final Clearance from SHPO	2	1794 Case Record	RUS			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
	Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS		Have	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	3	1780.41(a)	RUS			1
CPAP Form	Underwriting Information	3	1780.33(h)	Applicant			3
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
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		Have	5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
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
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6

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

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

§1780.80 General.

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

§1780.81 Policies related to use of bond counsel.

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

(a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;

(b) It must be established that not using bond counsel will produce significant savings in total legal costs;

(c) The local attorney must be able and experienced in handling this type of legal work;

(d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;

(e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and

(f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

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

(a) Copies of all organizational documents;

(b) Copies of general incumbency certificate;

(c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;

(d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;

(e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;

(f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;

(g) Specimen bond, with any attached coupons;

(h) Attorney's no-litigation certificate;

(i) Certified copies of resolutions or other documents pertaining to the bond award;

(j) Any additional or supporting documents required by bond counsel;

(k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;

(l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

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

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

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

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

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

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

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

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

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

(i) Principal maturities and due dates;

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

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

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

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

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

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

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

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

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

(a) The date from which each advance will bear interest;

(b) The interest rate as determined by §1780.13;

(c) A payment schedule providing for interest on outstanding principal at least annually; and

(d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Provisions that amend covenants contained in RUS Bulletins 1780-27 or 1780-28. ***[Revision 2, 06/04/99]***

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

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

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

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

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

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

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

§1780.95 Public bidding on bonds.

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

§§1780.96 - 1780.100 [Reserved]

United States Department of Agriculture
Rural Development
West Virginia State Office

April 20, 2010

Dorsel F. Keefer, Chairman
Mason County Public Service District
332 Viand Street
Point Pleasant, WV 25550

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Keefer:

This letter, with Attachment No. 1 amends the letter of conditions dated June 21, 2007 and further 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 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 initial RD loan in the amount of $5,260,000, an initial RD grant in the amount of $790,000, and a subsequent RD grant in the amount of $640,000 for a total project cost of $6,690,000.

Subject to the requirements noted herein, all of the conditions of the June 21, 2007 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

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

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. Subsequent Grant – The subsequent grant amount is $640,000.

2. Bond Counsel Services – A copy of this letter should be provided to your bond counsel immediately.

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

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

3. Public Service Commission Approval - You must obtain, if applicable, PSC approval of the subsequent grant funding.

4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   RUS Bulletin 1780-12, "Water or Waste System Grant Agreement"
   Form 1940-1, "Request for Obligation of Funds"
   Form RD 1942-46, "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the District 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, RD 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,

BOBBY LEWIS
State Director

Enclosures

cc: Area Director
Ripley, WV

Smith Cochran and Hicks, CPAs
Charleston, WV

Cerrone Associates, Inc.
Wheeling, WV

Barry L. Casto, Esquire
Point Pleasant, WV

Jackson Kelly PLLC
Charleston, WV

Attachment No. 1 to Amended Letter of Conditions
For: Mason County Public Service District
Date: April 20, 2010

Project Construction Budget

PROJECT COST	RD SUB GRANT	RD GRANT	RD LOAN	TOTAL
CONSTRUCTION	$578,573.90	$ 790,000.00	$ 3,639,515.00	$ 5,008,088.90
TELEMETERING	$ 21,000.00			$ 21,000.00
CONST. CONTINGENCY			$ 250,400.00	$ 250,400.00
LAND & RIGHTS	$ 9,200.00		$ 50,000.00	$ 59,200.00
LEGAL FEES			$ 30,000.00	$ 30,000.00
BOND COUNSEL			$ 20,000.00	$ 20,000.00
LEGAL FEES - PSC			$ 20,000.00	$ 20,000.00
ACCOUNTING			$ 8,500.00	$ 8,500.00
ENGINEERING FEES			$ 732,650.00	$ 732,650.00
Basic - $335,000				
Insp. - $342,650				
Special - $55,000				
INTEREST			$ 283,000.00	$ 283,000.00
DESIGN INTEREST			$ 36,935.00	$ 36,935.00
WELL TESTING PROGRAM			$ 77,400.00	$ 77,400.00
ARCH. STUDY	$ 15,900.00			$ 15,900.00
PROJECT CONTG.	$ 15,326.10		$ 111,600.00	$ 126,926.10
TOTAL	**$640,000.00**	**$ 790,000.00**	**$ 5,260,000.00**	**$ 6,690,000.00**

USDA Rural Development
United States Department of Agriculture
Rural Development
Ripley Area Office

April 28, 2010

Dorsel F. Keefer, Chairman
Mason County Public Service District
332 Viand Street
Point Pleasant, WV 25550

Re: Capacity Enhancement Water Project

Dear Mr. Keefer:

The pre-closing for the District's Rural Development (RD) loan will be held on June 2, 2010, at 10:00 AM at the District's office in Point Pleasant, West Virginia. The preconstruction conference will follow at 11:00 AM. The official loan closing date for the Capacity Enhancement Water Project will be June 4, 2010.

Reference is made to our Letter of Conditions dated June 21, 2007 and amended April 20, 2010. All of the requirements of these letters must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The RD loan of $5,260,000 will be closed utilizing an interest rate of 4.125%, resulting in a monthly payment of $22,881. The District must establish a debt service reserve account at the West Virginia Municipal Bond Commission. This account must be funded on a monthly basis with an amount equal to 10% of the monthly payment until the equivalent of one annual installment on the loan is accumulated.

The following items should be submitted to our office as soon as possible but no later than May 26, 2010:

1. The District's engineer must provide a resume of the proposed inspector(s).

2. The District must provide a letter accepting the proposed inspector(s).

3. The District's accountant must certify that the accounts and records as required by the District's bond resolution have been established and are operational.

4. The District must provide evidence that it has acquired insurance and bond coverage in accordance with Item 11 of the Letter of Conditions. The District's position fidelity coverage must be increased to at least the amount of the estimated highest monthly construction drawdown. The additional premium for this coverage is an eligible project expense and may be reimbursed from project funds. Once construction is complete, the

530 Freedom Road, Ripley, WV 25271
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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410, or call (800)795-3272 (voice) or (202) 720-6382 (TDD)

position fidelity coverage may be decreased to not less than the amount of one annual installment on your Rural Development loans.

5. The District must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.

6. An Engagement Letter with James V. Kelsh not-to-exceed $20,000 for special legal counsel.

7. An advance copy of the first drawdown. Please make sure that requested payments do not exceed the amounts in the various professional agreements as approved by RD.

8. The West Virginia Department of Highways permit. At the very latest, this permit must be available on June 2, 2010.

On the day of pre-closing, the following documents must be provided:

1. The District's attorney will need to provide Form RD 442-22 "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated June 4, 2010.

2. The District's attorney must furnish a Form RD 1927-10 "Final Title Opinion," on all property being acquired and for all existing property owned by the District in connection with the water system. A single final title opinion may be provided if it includes an attachment which adequately addresses each of the parcels identified in the preliminary title opinions. The opinion should be dated June 4, 2010.

3. The Municipality/District must furnish evidence that the West Virginia Public Service Commission has approved the project.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

VIRGINIA M. McDONALD
Area Specialist

enclosure

cc: State Director
USDA Rural Development
Morgantown, WV

Smith Cochran and Hicks, CPAs
Charleston, WV

Cerrone Associates, Inc.
Wheeling, WV

Barry L. Casto, Esquire
Point Pleasant, WV

Jackson Kelly PLLC
Charleston, WV

James V. Kelsh, Esquire
Charleston, WV

CLOSING GUIDELINES FOR COMMUNITY FACILITY LOANS TO PUBLIC BODIES

At or before the closing for the financing, the following conditions must be satisfied:

1. General Requirements. There must be full compliance with all requirements specified in (a) applicable Rural Development Instructions, (b) correspondence from OGC, (c) any applicable correspondence from the Administrator's office, (d) RD letter of conditions, (e) clearinghouse comments, and (f) any state office memorandum of approval.

2. Loan Resolution. Confirm that the Applicant has duly adopted the fully execute Form RD 1942-47, Loan Resolution (Public Bodies.)

3. Grant Agreement. In the event that a grant is also to be made to the Applicant, then the grant may be closed in accordance with RD Instructions provided that these Closing Instructions have also been complied with and duly authorized officials of the Applicant have fully executed Form RD 1942-31, Grant Agreement.

4. Civil Rights. Confirm that the following fully executed civil rights forms are in the docket:

    a. Form RD 400-1, Equal Opportunity Agreement
    b. Form RD 400-4, Assurance Agreement
    c. Form RD 400-8, Compliance Review (Pre-loan closing)

5. Environmental Impact. Confirm that a completed and executed Form RD 2006-38, Environmental Justice and Civil Rights Impact Analysis is in the docket. If the Analysis indicates that an Environmental Impact Statement must be filed, this must be accomplished prior to loan closing.

6. Clearinghouse Comments. Confirm that A-95 approvals have been received from both state and regional clearinghouses. Note any comments received and confirm that the Applicant intends to comply with such comments. If the Applicant expresses a contrary intention, the State Office should be notified immediately in detail. The State Office should consult OGC with respect to the legal ramifications of any such noncompliance.

7. Specimen Bond(s). Prior to closing, confirm that the terms of the specimen bond(s) are consistent with RD Instructions, the RD Letter of Conditions and other obligating documents. Amortization schedules and maturity dates should be checked very carefully.

8. Certification of Payment. If RD loan proceeds will be used to retire interim indebtedness, the Applicant must provide RD with written statements in accordance with RD Instruction 1942-A, §1942.17(n)(2) [7 C.F.R. §1942.17].

9. Examination of Executed Bond(s). The Area Specialist should examine the executed original Bond(s) at the closing to determine the following:

    a. That the repayment and other terms of the Bond(s) are consistent with the RD Letter of Conditions and the obligating documents.
    b. That the Bond(s) has been fully executed by the proper officials of the Applicant as recited on the face of the Bond(s)
    c. That the persons executing the Bond(s) are officials of the Applicant as shown on the General Incumbency Certificate.
    d. That the Applicant's seal is on the Bond(s).
    e. That any authentication certificate contained on the Bond(s) has been properly executed.
    f. That the Bond(s) is fully registered in the name of the United States of America/ Rural Development.
    g. That the place of payment shown on the face of the Bond is correct and administratively acceptable.
    h. That the Bond(s) is dated the date of closing.

10. Dates, Seals and Signatures. All certifications and opinions furnished by the Applicant, Local Counsel or Bond Counsel should be dated as of the date of Loan Closing. Wherever appropriate, the seal of the Applicant should be impressed on materials being furnished by the Applicant. Bond transcript items "b," "i," "k," and "m" listed below should be manually-executed originals. For the remaining Bond transcript documents, an original manual attestation by the Applicant's Clerk or Secretary will suffice.

11. Bond Transcript. A bond transcript should be compiled by Bond Counsel in accordance with the requirements contained in RD Instructions 1942-A, §1942.19(c) [7 C.F.R. §1942.19]. Confirm that the bond transcript contains each of the following items:

    a. Certified copies of all organizational documents, i.e., special acts, charter, by-laws.
    b. General Incumbency Certificate (may sometimes be referred to as Signature Certificate)
    c. Certified copies of minutes or excerpts therefrom of all meetings of the Applicant's governing body at which action was taken in connection with the authorization and issuance of the Bond(s).
    d. Certified copies of documents evidencing that the Applicant has complied fully with all statutory requirements incident to the calling and holding of a favorable bond election unless Bond Counsel advises you this is not applicable.
    e. Certified documents evidencing that the Applicant has complied fully with all statutory requirements incident to advertising the consideration and/or adoption of the bond ordinance unless Bond Counsel advises you that this is not applicable.
    f. Certified copies of the resolutions or ordinances or other documents, such as the bond authorizing resolution or ordinance and any resolution establishing rates and regulating the use of the improvements, if such documents are not included in the minutes furnished.

g. Copies of official Notice of Sale and Affidavit of Publication of Notice of Sale unless Bond Counsel advises you that this is not applicable.
h. Specimen Bond (of each denomination), with any attached coupons.
i. No Litigation Certificate of Local Counsel (See Item 12 below)
j. Certified copies of resolutions or other documents pertaining to the award of the Bond(s).
k. Non-Arbitrage Certificate.
l. Any additional or supporting documents required by Bond Counsel.
m. Preliminary approving opinion, if any, and final unqualified approving opinion of Bond Counsel, including opinion regarding interest on bonds being exempt from Federal and any State income taxes.

Any omissions from the Bond transcript should be supplied by the Rural Development Specialist with the assistance of the Applicant and Bond Counsel. Obviously, certain of the documents listed above will normally be delivered prior to the closing.

12. Attorney's No-Litigation Certificate. Local Counsel should deliver a manually-executed original attorney's no-litigation certificate dated the date of closing.

13. Evidence of Title. In all cases, confirm that Local Counsel has supplied RD with his or her title opinion regarding the sites for any project structures such as treatment plants and community buildings. The opinion should be on Form RD 1927-10 with any changes necessary to reflect the circumstances of this financing. In the case of utility-type financings, confirm that executed Form RD 442-21 and 442-22 concerning rights-of-way are also in the docket. Any title exceptions should either be removed prior to closing or be specifically cleared through OGC.

14. Additional Instructions. OGC will normally issue additional closing instructions on a case-by-case basis containing special requirements for specific loans. The District Director should review the Closing Instructions prepared by OGC relating to the specific case and close the loan in accordance with those instructions.

AUG 20 2007

RUS BULLETIN 1780-27
(Automated 8-97

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

COPY

A RESOLUTION OF THE Board

OF THE Mason County 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 System

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Mason County Public Service District
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

FIVE MILLION TWO HUNDRED SIXTY THOUSAND AND XX / 100 DOLLARS ($5,260,000.00)

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

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

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

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

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such ins ce and fidelity bond coverage as may be required ıe 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 **$ 790,000.00**

    under the terms offered by the Government; that **Chairman**

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

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

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board** of the

Mason County Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 16th day of August, 2007

Mason County Public Service District

(SEAL)

By Dorsel F Keefer
Dorsel F. Keefer

Title **Chairman**

Attest:
Mary L. Smith
Mary Smith
Title **Secretary**

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Mason County Public Service District

hereby certify that the Board 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 16th day of August, 2007 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of June 4, 2010 , 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 4th day of June, 2010

Mary L. Smith

Mary Smith

Title Secretary

M I N U T E S

MASON COUNTY PUBLIC SERVICE DISTRICT

August 16, 2007

The Board of Directors met in Pt. Pleasant on August 16, 2007. Attending were Dorsel Keefer, Charles Lanier, Curtis Hunt, Randy Grinstead, David Nibert and Mary Smith. Roger Bing and Jim Branham were guests.

The meeting was called to order by Mr. Keefer, who asked Mr. Bing to state his business. Mr. Bing asked Mr. Grinstead for an update on his project, getting water to residents of Mt. Carmel Ridge. Mr. Grinstead explained what is being done toward getting the taps set.

Item 1 - Approval of Minutes of July 19, 2007: The motion approving the Minutes was made by Mr. Lanier and seconded by Mr. Hunt. Motion passed.

Item 2 - Approval of Expenditures: Mr. Lanier made a motion to approve expenditures, as presented. It was seconded by Mr. Lanier. Motion passed.

Item 3 - Approval of ACcount Write-off as of 6/30/07: Mr. Hunt made a motion to approve writing off uncollectible accounts in the amount of $9,412.74 (list attached to Minutes). Mr. Lanier seconded the motion. Motion passed.

Item 4 - Approval of RUS 2007-08 Budget: The budget was approved by a motion made by Mr. Hunt and seconded by Mr. Lanier. Motion passed.

Item 5 - O & M Agreement, Leon: Tabled

Item 6 - Letter of Conditions, Capacity Enhancement: Mr. Grinstead presented the RUS documents to be approved and signed for the loan/grant for the Capacity Enhancement project. Mr. Lanier made a motion for approval, which was seconded by Mr. Hunt. Motion passed.

Item 7 - Water Sales/Purchase Agreement, Ripley: Tabled

Item 8 - Change Order No. 1, Tri-State Pipeline: Order was approved. Motion made by Mr. Lanier; seconded by Mr. Hunt. Motion passed.

Item 9 - Certificate of Substantial Completion, Tri-State Pipeline: Mr. Grinstead reported that work was completed August 2, 2007. A motion to concur with completion acceptance, including Item 12 - Letter of Acceptance, was made by Mr. Lanier. Mr. Hunt seconded. Motion passed.

Item 10 - Addendum No. 13, Conglomo I: Tabled

Item 11 - Requisition No. 19, Conglomo I: Mr. Hunt made a motion to approve Requisition No. 19. It was seconded by Mr. Lanier. Motion passed.

Item 12 - Letter of Acceptance, Tri-State Pipeline: See Item 9

ACCOUNTS WRITTEN OFF

Acct. No.	Amount
019900296	$ 33.49
019900718	1.34
029901001	11.16
0199002352	44.22
019902643	32.93
019903621	32.86
01990442	133.92
029905481	31.58
029908241	6.76
309910685	$ 45.52
30991087	30.38
309912244	23.01
309912572	16.74
30991288	26.35
309913582	52.62
309914059	27.14
30991422	1.24
30991434	0.62
309914695	229.52
30991536	25.42
309915722	125.89
309916643	18.14
30991669	90.52
309916762	4.83
309917792	36.09
309918112	10.65
5099501212	$242.67
5099501410	18.58
509950373	850.93
509950386	1.39
509950677	378.24
50995084	64.05
509951511	34.10
509952494	212.53
509953141	52.36
509955811	55.44
609960921	$ 74.71
60996116	105.13
609961641	27.46
609961642	39.82
609962131	67.58
609962321	2.41
609962341	140.64
60996259	26.03
60996267	68.06

Acct. No.	Amount
6599200316	$ 20.97
6599200511	50.03
659920253	69.32
659920502	77.75
659920612	28.19
65992088	182.18
659921131	4.03
65992152	75.00
659921772	139.62
659921834	1.71
659922021	50.79
65992236	14.26
65992300	273.58
669925091	$ 47.06
669925683	89.90
66992599	60.76
669926651	76.89
669926761	32.53
66992705	99.12
669927051	165.90
66992706	83.08
67993011	$ 10.72
679931093	49.13
679931292	38.51
679931438	3.20
679932403	3.36
67993278	73.16
679933011	68.82
67993337	13.71
689935592	$ 55.19
68993576	195.89
689937262	43.32
689937553	27.05
68993785	600.34
689937949	22.49
68993844	10.54
689939041	22.25
699940194	$ 31.22
69994182	85.93
699942581	21.88
69994276	37.82
69994333	198.35
699943741	41.17
699944862	0.81

Acct. No.	Amount
699945461	$ 42.18
699945632	85.17
69994585	45.36
69994627	29.14
699946271	36.66
69994635	102.46
69994684	72.51
69994745	105.05
709970032	58.38
70997111	78.06
800081239	$ 41.62
80998145	102.12
809981607	21.69
809981608	237.12
809982182	117.20
850089557	$ 79.60
85998614	179.34
859986241	95.93
859986343	37.33
859986346	29.87
859987623	14.75
90995402	$ 46.72
909955692	23.11
91990388	$ 57.35
8199812310	$138.36
819981607	51.13
819981608	448.01
819982183	183.92

Total Water - $8,591.32
Total Sewer - 821.42

GRAND TOTAL - $9,412.74

MASON COUNTY PUBLIC SERVICE DISTRICT 2.4
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

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{C1340101.1}

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EXHIBIT A - PROJECT DESCRIPTION

MASON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF MASON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $5,260,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF MASON COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

"Bond Registrar" means the Issuer, which shall so serve by the Secretary of the Issuer.

"Bonds" means, collectively, the Series 2010 B Bonds, the Prior Bonds, the Series 2010 B Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Chairperson" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2010 Bonds for all or a portion of the proceeds of the Series 2010 Bonds.

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

"Consulting Engineers" means Cerrone Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Costs" or "Costs of the Project" means those costs described in Section 1.03E hereof to be a part of the cost of acquisition and construction of the Project.

"Depository Bank" means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

"Depreciation Account" means the Depreciation Account established by the Prior Resolutions and continued by Section 5.01 hereof.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions thereof.

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

"Governing Body" or "Board" means the public service board of the Issuer, as is now or may hereafter be constituted.

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2010 B Bonds.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and

reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated June 21, 2007, and all amendments thereto.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Section 10.01 hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

"Parity Bonds" means the Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Prior Bonds" means, collectively, the Series 1981 Bonds, the Series 1987 Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1999 A Bonds, the Series 2000 A Bonds, the Series 2001 A Bonds and the Series 2004 A Bonds; the Series 2005 A Bonds and the Series 2005 B Bonds.

"Prior Resolutions" means, collectively, the resolutions adopted by the Issuer, authorizing the Prior Bonds.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

"Qualified Investments" means and includes any of the following:

(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 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 owner 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 pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended;

(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, Inc. or Standard & Poor's Corporation; and

(j) Advanced-Refunded Municipal Bonds.

"Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2010 A Bonds, the Series 2010 B Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2010 A Bonds, the Series 2010 B Bonds and the Prior Bonds.

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

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1981 Bonds" means the Issuer's Water Revenue Bonds, Series 1981, dated January 22, 1981, issued in the original aggregate principal amount of $1,100,000.

"Series 1987 Bonds" means the Issuer's Water Revenue Bonds, Series 1987, dated June 25, 1987, issued in the original aggregate principal amount of $610,000.

"Series 1997 A Bonds" means the Issuer's Water Revenue Bonds, Series 1997 A, dated September 25, 1997, issued in the original aggregate principal amount of $1,440,000.

"Series 1997 B Bonds" means the Issuer's Water Revenue Bonds, Series 1997 B, dated September 25, 1997, issued in the original aggregate principal amount of $818,000.

"Series 1999 A Bonds" means the Issuer's Water Revenue Bonds, Series 1999 A (United States Department of Agriculture), dated August 5, 1999, issued in the original aggregate principal amount of $620,000.

"Series 2000 A Bonds" means the Issuer's Water Revenue Bonds, Series 2000A (West Virginia DWTRF Program), dated June 28, 2000, issued in the original aggregate principal amount of $960,000.

"Series 2001 A Bonds" means the Issuer's Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), dated March 16, 2001, issued in the original aggregate principal amount of $375,000.

"Series 2004 A Bonds" means the Issuer's Water Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated June 8, 2004, issued in the original aggregate principal amount of $602,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), dated June 24, 2005, issued in the original principal amount of $3,222,000.

"Series 2005 B Bonds" means the Issuer's Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), dated June 24, 2005, issued in the original principal amount of $238,000.

"Series 2010 Bonds" means the Series 2010 B Bonds.

"Series 2010 Bonds Construction Trust Fund" means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2010 A Bonds" means the Issuer's Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), dated May 24, 2010, issued in the original principal amount of $3,109,000.

"Series 2010 A Bond Resolution" means the resolution adopted by the Issuer authorizing the Series 2010 A Bonds.

"Series 2010 B Bonds" means the Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), of the Issuer, authorized to be issued hereby.

"Series 2010 B Bonds Reserve Account" means the Series 2010 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 B 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 B Bonds in the then current or any succeeding year.

"Series 2010 B Bonds Sinking Fund" means the Series 2010 B Bonds Sinking Fund established by Section 5.03A(2) hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2010 A Bonds, the Series 2010 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2010 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2010 B Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Series 2010 A Bonds, the Series 2010 B Bonds and the Prior Bonds, including the Sinking Funds, the Reserve Accounts, the Depreciation Account and the Renewal and Replacement Fund.

"System" means the complete public service properties of the Issuer for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired 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.

Additional terms and phrases are defined in this Resolution as they are used. 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 neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson or Acting Secretary.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public service district, public corporation and political subdivision of the State in Mason County of said State. The Issuer presently owns and operates a public water system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the Government and the Issuer.

B. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

C. The estimated maximum cost of acquisition and construction of the Project is $6,690,000, of which $5,260,000 will be obtained from the Series 2010 B Bonds and $1,430,000 will be obtained from a grant from the Government.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Prior Bonds, the Series 2010 B Bonds and the Series 2010 B Bonds and to make payments into all funds and accounts provided for in this Resolution and the Prior Resolutions.

E. It is deemed necessary for the Issuer to issue the Series 2010 B Bonds in the aggregate principal amount of not more than $5,260,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2010 B Bonds prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

F. The Series 2010 B Bonds shall be issued on a parity with the Prior Bonds and the Series 2010 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such

other parity requirements is not of a material nature. Prior to the issuance of the Series 2010 B Bonds, the Issuer will obtain (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2010 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds and the Series 2010 A Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

H. It is in the best interests of the Issuer that the Series 2010 B Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2010 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of the PSC Order, the time for rehearing and appeal of which has expired or will have been waived prior to the issuance of the Series 2010 B Bonds.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2010 B Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the

Project, at an estimated cost of not to exceed $6,690,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2010 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2010 B Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2010 B Bonds of the Issuer. The Series 2010 B Bonds shall be issued in one series, as a single bond, designated as "Water Revenue Bonds, Series 2010 B (United States Department of Agriculture)," in the aggregate principal amount of not more than $5,260,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2010 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2010 B Bonds.

The Series 2010 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the respective Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Bond form.

Section 3.03. Execution of Bonds. The Series 2010 B Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Chairperson, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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. Any 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 3.04. Negotiability, Transfer and Registration. The Series 2010 B Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State , but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the 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 B 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.

No registration of transfer of the Series 2010 B Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on such Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2010 B Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2010 B Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, 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 B 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 B 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, 1520 Market Street, 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. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing the Issuer proof of ownership and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2010 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System, as herein provided. No Registered Owner of the Series 2010 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 B Bonds or the interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds and the Series 2010 B Bonds. The payment of the debt service of the Series 2010 B Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds and the Series 2010 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2010 B Bonds and the Prior Bonds, the Series 2010 A Bonds and to make the payments into all funds and accounts provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bond. The text of the Series 2010 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2010 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $_____

FOR VALUE RECEIVED, on this ___day of _____, 200_, MASON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of __% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, 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 below. This consideration 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 the Issuer as requested by the Issuer 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200__(collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1981, DATED JANUARY 22, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,100,000; (2) WATER REVENUE BONDS, SERIES 1987, DATED JUNE 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $610,000; (3) WATER REVENUE BONDS, SERIES 1997 A, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,440,000; (4) WATER REVENUE BONDS, SERIES 1997 B, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $818,000; (5)

WATER REVENUE BONDS, SERIES 1999 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 5, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $620,000; (6) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 28, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $960,000; (7) WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 16, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000; (8) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 8, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $602,000; WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 24, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,222,000; (9) WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 24, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $238,000 (COLLECTIVELY, THE "PRIOR BONDS"); AND (10) WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2010 A Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2010 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2010 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2010 A Bonds; provided however, that so long as there exists in the Series 2010 B Bonds Reserve Account, an amount equal to the maximum amount of

principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2010 A Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Resolution, this Bond, under the provision 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.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

The Issuer 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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond 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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, MASON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

_____
Chairperson

[SEAL]

ATTEST:

_____
Secretary

(Form of)

RECORD OF ADVANCES

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

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, __.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds. The Series 2010 B Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and the provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the Prior Resolutions);

(2) Depreciation Account (established by the Prior Resolutions);

(3) Renewal and Replacement Fund (established by the Prior Resolutions); and

(4) Series 2010 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special accounts are created with and shall be held by the Commission:

(1) Series 2010 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities and as provided in the Prior Resolutions.

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

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) make the interest payments on the Series 2010 B Bonds in the amounts and on the dates required by the Series 2010 A Bond Resolution; and (iii) commencing on the day which is 30 days following the date of delivery of the Series 2010 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2010 B Bonds Sinking Fund hereby

established at the National Finance Office, the amount of interest set forth in the Series 2010 B Bonds.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) make the principal payments of the Series 2010 A Bonds in the amounts and on the dates required by the Series 2010 A Bond Resolution; and (iii) commencing on the day which is 24 months following the date of delivery of the Series 2010 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2010 B Bonds Sinking Fund, the amount of principal set forth in the Series 2010 B Bonds.

The deposits into the Series 2010 B Bonds Sinking Fund provided in this paragraph and in Section 5.03A (2) above, constitute actual payments of principal of and interest on the Series 2010 B Bonds to the Government.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) make the reserve account payments into the Reserve Account of the Series 2010 A Bonds in the amounts and on the dates required by the Series 2010 A Bond Resolution; and (iii) commencing on the day which is 24 months following the date of delivery of the Series 2010 B Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2010 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 B 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 B Bonds Reserve Requirement.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Resolutions.

(6) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), 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, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any

Reserve Account, 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 moneys from the Renewal and Replacement Fund.

(7) Moneys in the Series 2010 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 B Bonds, as the same shall become due. Moneys in the Series 2010 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2010 B Bonds, as the same shall come due, when other moneys in the respective Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2010 B Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2010 Bonds Construction Trust Fund during construction of the Project and thereafter, to the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2010 B Bonds and then to the next ensuing principal payment due thereon on a pro rata basis.

Any withdrawals from the Series 2010 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2010 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal, or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2010 A Bonds, the Series 2010 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 B Bonds Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series

2010 B Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the Series 2010 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 B Bonds Sinking Fund and, the Series 2010 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and the fees then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

D. The moneys in excess of the maximum amounts insured by FDIC in all funds and 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.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

F. All remittances made by the Issuer to the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All moneys received from time to time from the sale of the Series 2010 B Bonds shall be deposited in the Series 2010 Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2010 Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2010 Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2010 B Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2010 Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2010 B Bonds.

Expenditures or disbursements from the Series 2010 Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2010 B Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2010 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2010 B Bonds or the interest thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Registered Owner of the Series 2010 B Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2010 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds and the Series 2010 B Bonds. The payment of the debt service of the Series 2010 B Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds and the Series 2010 A Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds, the Series 2010 A Bonds and the Series 2010 B Bonds and to make the payments into all funds and accounts and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein and therein, to such payments as the same become due, and for the other purposes provided in this Resolution and the Prior Resolutions.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by state law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Resolution and the Prior Resolutions. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the PSC Order and such rates are hereby adopted.

So long as the Series 2010 B Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2010 B Bonds shall prove to be insufficient to produce the required sums set forth in this Resolution, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution.

Section 7.05. Sale of the System. So long as the Prior Bonds and the Series 2010 A Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions and the Series 2010 A Bond Resolution. So long as the Series 2010 B Bonds are Outstanding and except as otherwise required by law or with the written consent of the Government, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2010 B Bonds, immediately be remitted to the Government for payment of principal of and interest on the Series 2010 B Bonds. Any balance, remaining after the payment of principal of and interest on the Series 2010 B Bonds, shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited, pro rata, in the Depreciation Account and the Renewal and Replacement Fund with respect to the Bonds Outstanding. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer

necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Government and the Commission for deposit in the respective Sinking Funds and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable at par, then in the Depreciation Account and the Renewal and Replacement Fund, pro rata, with respect to the Bonds Outstanding. The payment of such proceeds into the Sinking Funds or the Depreciation Account and the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as the Series 2010 B Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2010 B Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Resolutions and the Series 2010 A Bond Resolution (so long as the Prior Bonds and Series 2010 A Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2010 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Resolutions have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the liens of the Series 2010 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment

of the Series 2010 B Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds or the Series 2010 A Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Resolutions and the Series 2010 A Bond Resolution. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner provided herein and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds, the Series 2010 B Bonds and the Series 2010 A Bonds.

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

So long as the Series 2010 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, 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 then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2010 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2010 B Bonds are no longer Outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, 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 actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of

such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2010 B Bonds and the Registered Owners of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

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 Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 B Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government and its duly authorized agents and representatives to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Issuer shall submit to the Government such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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 any Registered Owner of the Series 2010 B Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC

and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body.

The Issuer shall provide the Government each year or any Registered Owner of the Series 2010 B Bonds requesting the same, with an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution and the status of all said funds and accounts.

(C) The amount of any Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2010 B Bonds and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Resolution and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Government and its agents and representatives to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Government and its agents and representatives with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2010 B Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have been obtained in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds, including the Prior Bonds and the Series 2010 A Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2010 B Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2010 B Bonds, including the Prior Bonds and the Series 2010 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System.

The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and to any Registered Owner of the Series 2010 B Bonds who shall file his address with the Issuer within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2010 B Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain the certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained. The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2010 B Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals, or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, fees, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations of the PSC, discontinue and shut off the services of the

System to all delinquent users of the services of the System, and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that, so long as the Series 2010 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured prior to 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 insurable portions of the System, including machinery and equipment housed therein, 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 $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from the operation of the System.

(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 for the benefit of the Issuer, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) Workers' Compensation Coverage for All Employees of the System 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 contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; 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.

(G) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and other state agencies necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2010 B Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2010 B 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 delivery of the Series 2010 B Bonds; provided however, that the statutory mortgage lien in favor of the Registered Owners of the Series 2010 B Bonds shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds and the Series 2010 A Bonds.

Section 7.19. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, this Resolution and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2010 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the owner, including the value of accrued interest and giving effect to the amortization of discount or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2010 B Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2010 B Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2010 B Bonds set forth in this Resolution, any Supplemental Resolution or the Series 2010 B Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If a default occurs under the Prior Resolutions, Series 2010 A Bond Resolution, the Prior Bonds or the Series 2010 A Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2010 B Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2010 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2010 B Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Series 2010 B Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Registered Owners of the Series 2010 B Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds and the Series 2010 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2010 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, with respect to the Bonds, the Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for any reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Registered Owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers herein above conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and

Registered Owners of Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2010 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 B 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 B Bonds, the Issuer may not defease the Series 2010 B Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment of Resolution. Prior to the issuance of the Series 2010 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 B Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the rights of Registered Owners of the Series 2010 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 B Bonds then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2010 B Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the Registered Owners of the Series 2010 B Bonds and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Series 2010 B Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure. 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 Chairperson, 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 11.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 20th day of May, 2010.

Doral Kuhn
Chairperson

Curtis M. Hunt
Member

Charles R Lanier
Member

{C1340101.1}

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Mason County Public Service District on the 20th day of May, 2010.

Dated this 4th day of June, 2010.

[SEAL]

Mary L. Smith

Secretary

{C1340101.1}

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of construction of a new well field near Ashton, a 339,000 gallon water storage tank off of Hannan Road near Ashton, approximately 12,200 feet of eight-inch connecting pipelines, 2,700 feet of far-inch line on the Hannan, Distribution System at County Route 86 to close a loop, 12,000 feet of six-inch line between Lakin Hospital and West Columbia to close a loop, 23,000 feet of eight-inch line between Bearwallow Tank and Leon Baden Road to close a loop, 16,300 feet of eight-inch transmission line along Rt. 2 and cross country up to the Bearwallow Tank, a new 150 gallon water storage tank to supplement storage on the Bearwallow System and the repainting of eight existing wielded steel storage tanks, together with all appurtenant facilities.

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

2.5

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE MASON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2010 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Mason County Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on May 20, 2010 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF MASON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $5,260,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), of the Issuer, in the aggregate principal amount not to exceed $5,260,000 (the "Bonds" or the "Series 2010 B Bonds"), in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF MASON COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), of the Issuer, in the original aggregate principal amount of $5,260,000. The Series 2010 B Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered BR-1, and the principal amount advanced under the Series 2010 B Bonds shall bear interest at the rate of 4.125% per annum. Monthly installments of interest only on the amounts advanced under the Series 2010 B Bonds are payable 30 days following the date of delivery of the Series 2010 B Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2010 B Bonds, and thereafter, monthly installments of principal of and interest on the Series 2010 B Bonds, in the aggregate amount of $22,881, are payable on the corresponding day of each month, except that the final installment on the Series 2010 B Bonds shall be paid at the end of 40 years from the date of the Series 2010 B Bonds in the sum of the unpaid principal and interest due on the

date thereof. The Series 2010 B Bonds are subject to prepayment as set forth in the Resolution and the Series 2010 B Bonds. All principal and interest payments on the Series 2010 B Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby approves and accepts the Letter of Conditions and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates The Ohio Valley Bank Company, Point Pleasant, West Virginia, to serve as the Depository Bank under the Resolution.

Section 5. The proceeds of the Bonds, as advanced from time to time, shall be deposited in the Series 2010 B Bonds Construction Trust Fund for payment of the costs of the Project and the costs of issuance of the Bonds and related costs.

Section 6. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Government on or about May 24, 2010.

Section 7. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the

Series 2010 B Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 9. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 20th day of May, 2010.

Doral Kuhn
Chairperson

Curtis M Hunt
Member

Charles R Lanier
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Mason County Public Service District on the 20h day of May, 2010.

Dated this 4th day of June, 2010.

[SEAL]

Mary L. Smith
Secretary

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

2.6

MINUTES ON ADOPTION OF BOND RESOLUTION
AND SUPPLEMENTAL RESOLUTION

On this 20th day of May, 2010, the undersigned duly appointed Secretary of the Public Service Board of Mason County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of said Public Service Board:

*** *** ***

The Public Service Board of Mason County Public Service District met in special session, pursuant to notice duly posted, in Point Pleasant, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Dorsel F. Keefer	-	Chairperson and Member
	Charles R. Lanier	-	Treasurer and Member
	Curtis Hunt	-	Member
	Mary L. Smith	-	Secretary

ABSENT: None

Dorsel F. Keefer, Chairperson, presided, and Mary L. Smith, acted as Secretary. The Chairperson announced that a quorum of members was present and that the meeting was open for any business properly before it.

*** *** ***

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF MASON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE

THAN $5,260,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

Next, the Chairperson presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE MASON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2010 B; DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

Next, the Chairperson presented a proposed Resolution in writing approving the payment of invoices from proceeds of the Bonds. Thereupon, upon motion duly made and seconded, it was unanimously ordered that said Resolution be adopted and be in full force and effect on and from the date hereof.

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

Chairperson

Mary L. Smith
Secretary

CERTIFICATION

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

WITNESS my signature as of the date first written above.

Mary L. Smith
Secretary

{C1340128.1}

Point Pleasant Register

Point Pleasant, WV

PROOF OF PUBLICATION

The State of West Virginia,

Mason County, ss:

I, Pam Caldwell, Advertising Director,

Point Pleasant Register

Make Solemn Oath that notice, of which

the attached is a true copy, was published

in the Point Pleasant Register, a newspaper

published in the City of Point Pleasant, said County

of Mason, and of general circulation in said

County 1 time(s), beginning on

5/7/10 and ending on 5/7/10

Pam Caldwell

Gallipolis, OH May 20th 2010

Tammy S. Crihfield

Sworn to and subscribed before me this day.

Printers Fee $

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TAMMY S. CRIHFIELD
Point Pleasant Register
200 Main St., Pt. Pleasant, WV 25550
My commission expires July 4, 2011

Public Notice **Public Notice**

MASON COUNTY PUBLIC SERVICE DISTRICT
NOTICE OF SPECIAL MEETING

The Public Service Board of Mason County Public Service District (the "District") will hold a special meeting on Thursday, May 20, 2010, at 10:00 a.m., prevailing time, at the District's office at 101 Camden Avenue, Point Pleasant, West Virginia, for the following purposes:

1. To consider and adopt a proposed Bond Resolution authorizing its Water Revenue Bonds, Series 2010 A (United States Department of Agricultures), in the aggregate principal amount of $3,109,000 (the "2010 A Bonds") and the Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), in the aggregate principal amount of $5,260,000 (the "2010 B Bonds" and together with the 2010 A Bonds, the "Bonds"), to permanently finance the costs of certain improvements and extensions to the public water facilities of the District (the "Project").

2. To consider and adopt a proposed Supplemental Resolution approving the terms and other provisions of the Bonds.

This meeting is open to the press and the public and any person interested may attend such meeting.

Mary L. Smith
Secretary
5/7

NUMBER

BR-1

SPECIMEN

(FORM OF SERIES 2010 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $5,260,000

FOR VALUE RECEIVED, on this 4th day of June, 2010, MASON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of FIVE MILLION TWO HUNDRED SIXTY THOUSAND DOLLARS ($5,260,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.125% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $22,881, 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 below. This consideration 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 the Issuer as requested by the Issuer 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on May 20, 2010, and a Supplemental Resolution duly adopted by the Issuer on May 20, 2010 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1981, DATED JANUARY 22,

1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,100,000; (2) WATER REVENUE BONDS, SERIES 1987, DATED JUNE 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $610,000; (3) WATER REVENUE BONDS, SERIES 1997 A, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,440,000; (4) WATER REVENUE BONDS, SERIES 1997 B, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $818,000; (5) WATER REVENUE BONDS, SERIES 1999 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 5, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $620,000; (6) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 28, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $960,000; (7) WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 16, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000; (8) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 8, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $602,000; WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 24, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,222,000; (9) WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 24, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $238,000 (COLLECTIVELY, THE "PRIOR BONDS"); AND (10) WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 24, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,109,000 (THE "SERIES 2010 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2010 A Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2010 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2010 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and

equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2010 A Bonds; provided however, that so long as there exists in the Series 2010 B Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2010 A Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Resolution, this Bond, under the provision 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.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

The Issuer 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 such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond 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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

NUMBER

BR-1

IN WITNESS WHEREOF, MASON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

SPECIMEN

Chairperson

[SEAL]

ATTEST:

SPECIMEN

Secretary

NUMBER

BR-1

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $494,800			
(2) $		(19) $	
(3) $		(20) $	
(4) $		(21) $	
(5) $		(22) $	
(6) $		(23) $	
(7) $		(24) $	
(8) $		(25) $	
(9) $		(26) $	
(10) $		(27) $	
(11) $		(28) $	
(12) $		(29) $	
(13) $		(30) $	
(14) $		(31) $	
(15) $		(32) $	
(16) $		(33) $	
(17) $		(34) $	
(18) $			
		$	

TOTAL

SPECIMEN

(Form of)

ASSIGNMENT

SPECIMEN

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

_____

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

Dated: _____, __.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$5,260,000	June 4, 2010

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Mason County Public Service District

Mary L. Smith
Secretary

_____

_____

_____

United States Department of Agriculture
Rural Development
West Virginia State Office

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), in the original aggregate principal amount of $3,109,000 (the "Series 2010 A Bonds") and Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), in the original aggregate principal amount of $5,260,000 (the "Series 2010 B Bonds"), by Mason County Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2010 A Bonds and the Series 2010 B Bonds (collectively, the "Resolutions"), on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1981; Water Revenue Bonds, Series 1987; Water Revenue Bonds, Series 1997 A; Water Revenue Bonds, Series 1999 A (United States Department of Agriculture); Water Revenue Bonds, Series 2001 A (United States Department of Agriculture); Water Revenue Bonds, Series 2005 A (United States Department of Agriculture); and Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2010 A Bonds, the Series 2010 B Bonds or the Resolutions; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 24th day of May, 2010.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT

State Director

Federal Building •1550 Earl Core Road, Suite 101 Morgantown, WV 26505 -7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

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WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Smith, Cochran & Hicks P.L.L.C., an independent certified public accountant and the opinion of Jackson Kelly, PLLC, bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), in the original aggregate principal amount of $3,109,000 (the "Series 2010 A Bonds") and Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), in the original aggregate principal amount of $5,260,000 (the "Series 2010 B Bonds"), by Mason County Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2010 A Bonds and Series 2010 B Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1997 B, Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), and Water Revenue Bonds, Series 2004 A (West Virginia DWTRF Program) (collectively, the "Prior Bonds").

WITNESS my signature on this 24th day of May, 2010.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Carol A. Cummings
Authorized Representative

{C1340139.1}

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

MASON COUNTY PUBLIC SERVICE DISTRICT 3.1
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

GENERAL CERTIFICATE ON:

1. TERMS AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. SPECIMEN BOND
13. BOND PROCEEDS
14. USERS
15. GRANTS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. WETLANDS COVENANT
19. COUNTERPARTS

On this 4th day of June, 2010, we, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of Mason County Public Service District (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2010 B (United States Department of Agriculture) (the "Bonds" or "Series 2010 B Bonds"), dated the date hereof, as follows:

1. TERMS AND AWARD OF BONDS: The entire issue of the Bonds has been duly awarded to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), pursuant to a letter of conditions dated June 21, 2007 (the "Letter of Conditions"), a Bond Resolution duly adopted by the Issuer on May 20, 2010, and a Supplemental Resolution duly adopted by the Issuer on May 20, 2010 (collectively, the "Resolution"). All capitalized words and terms used in this Certificate and not otherwise defined herein shall have the same meaning as set forth in the Resolution.

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 authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project (in reliance upon the certificate of consulting engineer and the opinion of counsel to issuer), the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, licenses, orders, permits, exemptions, consents, authorizations, registrations and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the acceptance and approval of the Letter of Conditions by the Issuer. The Issuer has met all conditions set forth in the Letter of Conditions and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Bonds shall be issued on a parity with the Prior Bonds and the Series 2010 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds and the Series 2010 A Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Chairperson and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairperson did officially sign all of the Bonds, consisting upon original issuance of a single Bond for each series, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Chairperson did deliver the Bonds to a representative of the Government as the original purchaser of the Bonds.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Administrative Law Judge entered on January 13, 2010, and the PSC Order entered on March 23, 2010, in Case No. 09-1063-PWD-42T-PC-PW-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the March 23, 2010 Order has expired prior to the date hereof without any appeal having been filed. Such Order remains in full force and effect.

7. RATES: The rates of the System, as approved by the PSC Order entered on March 23, 2010, in Case No. 09-1063-PWD-42T-PC-PW-CN, will become effective when the Project is substantially complete.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Mason County Public Service District." The Issuer is a public service district and a public corporation duly created by The County Commission of Mason County and presently existing under the laws of, and a political subdivision of, the State of West Virginia in Mason County of said State. The Issuer operates the System in Mason, Putnam, Jackson and Cabell Counties of said State. 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 termination of their current terms are as follows:

Name	Date Of Termination Of Office
Curtis Hunt	August, 2010
Dorsel F. Keefer	August, 2014
Charles R. Lanier	August, 2012

The duly elected or appointed officers of the Board for 2010 are as follows:

Dorsel F. Keefer	-	Chairperson
Charles R. Lanier	-	Treasurer
Mary L. Smith	-	Secretary

The duly appointed and acting attorney for the Issuer is Casto & Casto, L.C., Point Pleasant, West Virginia. The duly appointed and acting PSC counsel for the Issuer is James V. Kelsh, Esquire, Charleston, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land, rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of 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 that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

10. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, and financing of the Project or the operation of the System were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed qualified and acting members of the Board 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. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Letter of Conditions. All insurance for the System required by the Resolution and the Letter of Conditions are in full force and effect.

12. SPECIMEN BOND: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution, are identical in all respects with the Bonds this day delivered to the Government and being substantially in the form prescribed in the Resolution.

13. BOND PROCEEDS: On the date hereof, the Issuer received from the Government (i) the sum of $494,800, being a portion of the principal amount of the Series 2010 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

14. USERS: The Issuer will serve at least 5,043 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

15. GRANTS: As of the date hereof, the grant from the Government in the amount of $1,430,000 is committed for the Project and in full force and effect.

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

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

19. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Mason County Public Service District as of the date first written above.

[CORPORATE SEAL]

Signature	Official Title
Doreal Kuhn	Chairperson
Mary L. Smith	Secretary
	Attorney
_____	Special PSC Counsel (as to matters in Section 6 and 7)

WITNESS our signatures and the official corporate seal of Mason County Public Service District as of the date first written above.

[CORPORATE SEAL]

Signature	Official Title
_____	Chairperson
_____	Secretary
_____	Attorney
_____	Special PSC Counsel (as to matters in Section 6 and 7)

EXHIBIT A

Specimen Bond (see Tab No. 14)

MASON COUNTY PUBLIC SERVICE DISTRICT 3.2
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 4th day of June, 2010, the undersigned duly appointed Secretary of Mason County Public Service District (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Mason County Public Service District Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Public Service Board (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commission of Mason County Creating and Enlarging the Issuer.

2. Orders of The County Commission of Mason County Appointing the Members of the Board.

3. Oaths of Office of the Board Members.

4. Rules of Procedure.

5. Minutes of Current Year Organizational Meeting.

6. Public Service Commission Order.

7. USDA Letter of Conditions, Closing Letter and Loan Resolution.

8. Minutes of Board Meeting regarding Adoption of USDA Loan Resolution.

9. Bond Resolution.

10. Supplemental Resolution.

11. Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

12. Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.

13. USDA Consent to Issuance of Bonds.

14. WDA Consent to Issuance of Bonds.

15. Environmental Health Services Permit.

16. USDA Grant Agreement.

17. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

MASON COUNTY PUBLIC SERVICE DISTRICT

Mary L. Smith

[SEAL] Secretary

MASON COUNTY PUBLIC SERVICE DISTRICT 3.3
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF CONSULTING ENGINEER

On this 4th day of June, 2010, I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public water facilities (the "System") of Mason County Public Service District (the "Issuer"), to be constructed primarily in Mason County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on May 20, 2010 (as supplemented, the "Resolution"), and the Letter of Conditions dated June 21, 2007 (the "Letter of Conditions"), from the United States of America, United States Department of Agriculture, Rural Utilities Service ("the Government").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health (the "BPH), and any change orders approved by the Issuer, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Letter of Conditions, and in reliance upon the opinion of the Issuer's counsel, Casto & Casto, L.C., dated the date hereof, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Government

and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Smith Cochran & Hicks, PLLC, dated the date hereof, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Resolution; and (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Government.

WITNESS my signature and seal as of the date first written above.

[SEAL]

CERRONE ASSOCIATES, INC.

Manning Frymier

Manning Frymier, P.E.
West Virginia License No. 8497

Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants Oak Hill Charleston Montgomery
405 Capitol Street • Suite 908 • Charleston, WV 25301 • 304-345-1151 • Fax 304-346-6731

June 4, 2010

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Mason County Public Service District
Point Pleasant, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Ladies and Gentlemen:

We have reviewed the water rates of Mason County Public Service District (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia, entered March 23, 2010, in Case No. 09-1063-PWD-42T-PC-PW-CN, the projected operating expenses and the anticipated customer usage provided by Cerrone Associates, Inc., the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer (the "System"), and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for the payment of principal of and interest on the Issuer's Water Revenue Bonds, Series 1981, Water Revenue Bonds, Series 1987, Water Revenue Bonds, Series 1997 A, Water Revenue Bonds, Series 1997 B, Water Revenue Bonds, Series 1999 A (United States Department of Agriculture), Water Revenue Bonds, Series 2000A (West Virginia DWTRF Program), Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), Water Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), and Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) (collectively, the "Prior Bonds"), Water Revenue Bonds, Series 2010 B (United States Department of Agriculture) (the "Series 2010 B Bonds") and Water

Revenue Bonds, Series 2010 A (United States Department of Agriculture) (the "Series 2010 B Bonds").

It is further our opinion that (i) the Net Revenues for the fiscal year following the year in which the Series 2010 B Bonds are to be issued will be at least 120% of the average annual debt service requirements on the Prior Bonds, the Series 2010 B Bonds and the Series 2010 A Bonds; and (ii) the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2010 B Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2010 B Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Prior Bonds, the Series 2010 B Bonds and the Series 2010 A Bonds. The Issuer is current on all payments to the funds and accounts established under the Bond Resolutions authorizing the Prior Bonds, including all reserve accounts.

Very truly yours,

Smith Cochran Hicks

Smith, Cochran & Hicks, PLLC

SCH

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.5

CERTIFICATE OF NO LITIGATION

On this 4th day of June, 2010, the undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds ("the Bonds"), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of Mason County Public Service District (the "Issuer") taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Resolution, authorizing the Bonds, duly adopted by the Issuer on May 20, 2010.

WITNESS my signature as of the date first written above.

Casto & Casto, L.C.
Attorney for Mason County Public Service District

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.6

RECEIPT FOR BONDS

On this 4th day of June, 2010, the undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the date hereof, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2010 B (United States Department of Agriculture) (the "Series 2010 B Bonds"), of Mason County Public Service District (the "Issuer"), dated June 4, 2010, issued in the form of one bond in the principal amount of $5,260,000, and numbered BR-1. The Series 2010 B Bonds bear interest at the rate of 4.125% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of such Bonds and continuing on the corresponding day of each month for the first 24 months after the date of such Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on such Bonds in the aggregate amount of $22,881 , except that the final installment on such Bonds shall be paid at the end of 40 years from the date of such Bonds in the sum of the unpaid principal and interest due on the date thereof.

2. At the time of such receipt of the Series 2010 B Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon such Bonds.

WITNESS my signature as of the date first written above.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE

Virginia M. McDonald
Authorized Representative

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.7

RECEIPT FOR BOND PROCEEDS

On this 4th day of June, 2010, the undersigned Chairperson of Mason County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), the sum of $494,800, being the first advance on the principal of the $5,260,000 Mason County Public Service District Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), dated June 4, 2010 (the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the Government from time to time as construction progresses.

WITNESS my signature as of the date first written above.

MASON COUNTY PUBLIC SERVICE DISTRICT

Chairperson

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.8

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

On this 4th day of June, 2010, THE OHIO VALLEY BANK COMPANY, Point Pleasant, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution adopted by Mason County Public Service District (the "Issuer") on May 20, 2010 (collectively, the "Resolution"), authorizing the issuance of the Issuer's Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), in the respective aggregate principal amounts of $5,260,000, dated June 4, 2010, and agrees to serve as Depository Bank, all as set forth in the Resolution.

WITNESS my signature as of the date first written above.

THE OHIO VALLEY BANK COMPANY

Mario P Liberatore
Authorized Officer

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

NEW ISSUE REPORT FORM
Date of Report: June 4, 2010

ISSUE: Mason County Public Service District Water Revenue Bonds, Series 2010 B
(United States Department of Agriculture)

ADDRESS: 101 Camden Avenue, Point Pleasant, WV 25550 COUNTY: Mason
PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: June 4, 2010 CLOSING DATE: June 4, 2010

ISSUE AMOUNT: $5,260,000 RATE: 4.125%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: ____
Contact Person: ____
Phone: ____

CLOSING BANK: The Ohio Valley Bank Company
Contact Person: Mario P. Liberatore
Phone: (304) 675-8660

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Randy Grinstead
Position: Manager
Phone: (304) 675-6399

OTHER: USDA, Rural Utilities Service
Contact Person: Virginia McDonald
Function: Rural Development Specialist
Phone: (304) 420-6666

DEPOSITS TO MBC AT CLOSE: ____
By ____ Wire
____ Check

Accrued Interest: $ ____
Capitalized Interest: $ ____
Reserve Account: $ ____
Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT

To Escrow Trustee: $ ____
To Issuer: $ ____
To Cons. Invest. Fund $ ____
To Other: ____ $ ____

NOTES: The Bond Commission will only hold the Series 2010 B Bonds Reserve Account to be funded over 10 years. Debt service payments will be made by the District directly to the National Finance Office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ____
Transfers Required: ____

PWSID: WV3302712, WV3302713
WV3302714, WV3302715

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

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

PERMIT

PROJECT: (Water) Ashton Water Treatment Plant And Water System Capacity Enhancement **PERMIT NO.:** 17,996

LOCATION: near Ashton **COUNTY:** Mason **DATE:** 5-29-2008

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

Mason County Public Service District
332 Viand Street
Point Pleasant, West Virginia 25550

is hereby granted approval to: install approximately 51,797 LF of 8", 10,995 LF of 6" and 2,620 LF of 4" water line; one (1) 150 GPM duplex water booster station with booster chlorination (Brooks Henry); one (1) 339,000 gallon water storage tank (Ashton); and one (1) 400,000 gallon water storage tank (Bear Wallow Tank #2); repaint eight (8) existing water storage tanks; and all necessary valves, controls and appurtenances. Also, to construct a new 500 GPM green sand pressure filter water treatment plant (Ashton) with major equipment to consist of three (3) pressure green sand filters; one (1) 1,000 GPM filter backwash pump; chemical feed equipment for gaseous chlorination, potassium permanganate, soda ash, and ortho-phosphate; one (1) 54,000 gallon transfer tank; two (2) 500 GPM high service pumps; two (2) 24,000 gallon filter backwash waste basins; and all necessary piping, valves, controls, meters and appurtenances.

Facilities are to serve the Mason County Public Service District.

Note: This permit is contingent upon: 1) All new water line and water storage tanks being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the proposed 339,000 gallon and 400,000 gallon water storage tanks with a minimum six (6) feet high fence with a locking gate.

The Environmental Engineering Division of the **OEHS St. Albans District Office**, telephone (304) 722-0611, 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:bms

pc: Cerrone Associates, Inc.
James W. Ellars, P.E.
Amy Swann, PSC
Mason County Health Department
OEHS-EED St. Albans District Office

COPY AUG 20 2007

RUS Bulletin 1780-12
(Automated 11-97)

WATER OR WASTE SYSTEM GRANT AGREEMENT

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated 8/16/2007 between

Mason County Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code

(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of **$ 6,050,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$ 5,260,000** 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 **$ 5,260,000** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$ 790,000** or **13.06%** 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 **13.06%** 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.

Y909

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~~ xxxxxxxxxxxxxxxxxxxxxxxxxx , 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.

* - as approved by the West Virgnia Public Service Commission

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).

The entire water distribution system owned by the Mason County Public Service District consisting of well fields, water treatment plants, waterline, storage tanks, booster stations, and all related facilities located in Mason County, West Virginia.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

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

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

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated an 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 **$790,000.00**. which it will advance to Grantee to meet not to exceed **13.06%** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

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

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

Termination of This Agreement

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

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

Chairman _____

and attested and its corporate seal affixed by its duly authorized

Secretary _____

Attest:

_____

By: _____

Mary Smith

(Title) **Secretary** Mary L. Smith

By: _____

Dorsel F. Keefer

(Title) **Chairman** Dorsel F Keefer

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Virginia M. McDonald Rural Development Specialist

Virginia M. McDonald (Title)

6/4/10

COPY

MAY 24 2010

RUS Bulletin 1780-12

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated May 20, 2010, between

Mason County Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code

(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of $ 6,690,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $ 6,050,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $ 6,050,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $ 640,000 or 10% percent of said project 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 for the purpose only of defraying a part not to exceed 10% percent of the project 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.

MAY 24 2010

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, as approved by the West Virginia Public Service Commission, and 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).

The entire water distribution system owned by the Mason County Public Service District consisting of well fields, water treatment plants, waterline, storage tanks, booster stations, and all related facilities located in Mason County, West Virginia.

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 property 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, 11/20/1997]

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 $ 640,000 which it will advance to Grantee to meet not to exceed 10% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

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

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

Termination of This Agreement

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

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

Chairman

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By Mary L. Smith
Mary Smith
(Title) Secretary

By Dorsel F. Keefer
Dorsel F. Keefer
(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Virginia M. McDonald Area Specialist
Virginia M. McDonald (Title)
6/4/10

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 05/12/2010

PRODUCER (304)375-4900 FAX (304)375-2162
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Mason County Public Service District
332 Viand Street
Point Pleasant, WV 25550

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B: BrickStreet Insurance Company	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	SP9154438-00	07/01/2009	07/01/2010	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 10,000 $ 3,000,000 $ 3,000,000 $ 3,000,000
A		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [X] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS	SA8053907-00	07/01/2009	07/01/2010	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY [X] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $	SX9251639-00	07/01/2009	07/01/2010	EACH OCCURRENCE AGGREGATE	$ 10,000,000 $ 10,000,000 $ $ $
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	WC10030073-06	10/20/2009	10/20/2010	X WC STATU-TORY LIMITS [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 100,000 $ 100,000 $ 500,000
A		OTHER Crime	SP9154438	07/01/2009	07/01/2010	Employee Theft $1,000,000 Per Loss, $500 Deductible Per Loss	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

USDA Rural Development
1550 Earl Core Road
Suite 101
Morgantown, WV 26505

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

©ACORD CORPORATION 1988

ACORD CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YY) 05/12/2010

PRODUCER (304)375-4900 FAX (304)375-2162
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187
Attn Renee Shotwell Ext

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A American Alternative Insurance

COMPANY B

COMPANY C

COMPANY D

INSURED
Mason County Public Service District
332 Viand Street
Point Pleasant, WV 25550

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY		LIMITS
	X PROPERTY	SP9154438-00	07/01/2009	07/01/2010	BUILDING	$	
	CAUSES OF LOSS				PERSONAL PROPERTY	$	
	BASIC				BUSINESS INCOME	$	
	BROAD				EXTRA EXPENSE	$	
A	X SPECIAL				BLANKET BUILDING	$	
	EARTHQUAKE				BLANKET PERS PROP	$	
	FLOOD				X BLANKET BLDG & PP	$	4,775,600
						$	
						$	
	INLAND MARINE					$	
	TYPE OF POLICY					$	
						$	
	CAUSES OF LOSS					$	
	NAMED PERILS					$	
	OTHER					$	
	CRIME					$	
	TYPE OF POLICY					$	
						$	
	BOILER & MACHINERY					$	
						$	
	OTHER						

LOCATION OF PREMISES/DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS/OTHER COVERAGES

CERTIFICATE HOLDER

USDA Rural Development
1550 Earl Core Road
Suite 101
Morgantown, WV 26505

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL ____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE Renee Shotwell

© ACORD CORPORATION 1988

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

CLOSING MEMORANDUM

3.13

To: **David Nibert**
Virginia McDonald
Samme Gee

From: **Ryan White**

Date: **June 4, 2010**

Re: **Mason County Public Service District Water Revenue Bonds, Series 2010 B (United States Department of Agriculture)**

---

1. DISBURSEMENTS TO DISTRICT

Payor:	United States Department of Agriculture
Source:	Series 2010 B Bonds Proceeds
Amount:	$494,800
Date:	June 4, 2010
Form:	Electronic Funds Transfer
Payee:	Mason County Public Service District
Bank:	The Ohio Valley Bank Company
Routing No.:	044204370
Account No.:	0544353
Account:	Series 2010 B Bonds Construction Trust Fund

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

June 4, 2010

Mason County Public Service District
Point Pleasant, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Parkersburg, West Virginia

Re: Mason County Public Service District Water Revenue Bonds, Series 2010 B (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to Mason County Public Service District (the "Issuer") in connection with the issuance of its Water Revenue Bonds, Series 2010 B (United States Department of Agriculture), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of $5,260,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 4.125% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and have been authorized by a Bond Resolution duly adopted by the Issuer on May 20, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 20, 2010 (collectively, the "Resolution"). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

Clarksburg, WV • Martinsburg, WV • Morgantown, WV • Wheeling, WV
Denver, CO • Lexington, KY • Pittsburgh, PA • Washington, DC

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds and the Series 2010 A Bonds, all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest 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.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Bond numbered BR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Jackson Kelly PLLC

CASTO & CASTO, L.C.
214 Fourth St.
Pt. Pleasant, WV 25550

Phone 304 675-2050 *Facsimile 304 675-2003*
Carroll W. Casto (1925-1995) *Barry L. Casto*

June 4, 2010

Mason County Public Service District
Point Pleasant, WV

United States Department of Agriculture
USDA Rural Utility Service
P. O. Box 303
Parkersburg, WV

Jackson Kelly PLLC
Charleston, WV

Re: Mason County Public Service District Water Revenue Bonds
Series 2010 B (United States Department of Agriculture)

Ladies and Gentlemen:

I am counsel to Mason County Public Service District (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (collectively, the "Bonds"), the letter of conditions dated June 21, 2007, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Resolutions duly adopted by the Public Service Board of the Issuer (the "Board) on May 20, 2010, as supplemented by a Supplemental Resolution duly adopted on May 20, 2010, (collectively, the "Resolution"), orders of the County Commission of Mason County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolutions when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to Adopt the Resolution, all under the Act and other applicable provisions of law.

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

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

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Resolution and the Bonds 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 resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The issuer has received all permits, licenses, approvals, consents, certificates, orders exemptions, registrations and authorizations necessary for the creation and 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 for use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the County Commission of Mason County, the West Virginia Bureau for Public Health and the West Virginia Infrastructure and Jobs Development Council. The issuer has taken all actions required for the imposition of such rates and charges, including, without limitation the adoption of a resolutions prescribing such rates and charges.

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

7. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer: (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act and the Resolution; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

Casto & Casto, L.C.

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated along the Southeasterly right-of-way line of Upper Five Mile Creek Road (W.Va. County Route #27) in the District of Arbuckle, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a s1/21" diameter reinforcing rod found on the 1st described course of the grantor herein, common line with lands of Lawrence E. & Dollie Grady (D.B. 248, Page 32), at the intersection of said line and the Southeasterly right-of-way line of said Upper Five Mile Creek Road. Said point of beginning is further described as bearing N. 56 degrees 51 minutes 00 seconds W. 479.41' from another 1/2" rebar found on the Southeasterly bank of Upper Five Mile Creek at the beginning point described in the deed of the grantor herein; Thence, from said point of beginning, and running with the right-of-way line of said road, N. 41-38-38 E. 25.00' to a 5/8" x 30" steel pin; Thence, leaving the road and making new division lines, S. 56-51-00 E. 25.00' to a 5/8" steel pin; Thence, S. 41-38-38 W. 25.00' to a 5/8" steel pin set in the common line of said Grady; Thence, with said common line, N. 56-51-00 W. 25.00; to the place of beginning, containing 0.0142 acres, more or less, as surveyed in September of 1987, by Cerrone and Associates, Consulting Engineers, of Wheeling, W. Va.

Being the same real estate conveyed by Edna Glassburn, widow, to the Mason County Public Service District by deed dated the 15th day of October, 1987, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 291 Page 106.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of October, 1986, executed by Edna Glassburn, single, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 286, Page 684.

LEASES:

None.

RESERVATIONS:

None.

DEFECTS:

None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Arbuckle District
0.0142 Acre Five Mile
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class III; taxes none due to non-taxability
Assessor's Account No. 6815921

The 2010 real estate taxes became a lien as of July 1, 2007; however, the same are not due and payable at this time and will be non taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 442-22
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO 0575-0015

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date June 4, 2010

Dear Sir:

I have reviewed the action taken by Mason County Public Service District, (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the Right-of-way Certificate," executed by the Corporation on _____, 2010. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate."

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

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

B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation and maintenance of the Corporations facilities except as below noted.

C. Exceptions:

Very Truly yours,

Attorney for Mason County Public Service District

Public reporting for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources , gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, SW, Washington, DC, 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
615.50 Sq. Ft., Arbuckle District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to May 20, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" x 30" steel bar set on the North right-of-way line of said Three Mile Road located N. 65 degrees 08' 59'W. 417.59' from a corner post found on the North right-of-way line of said road at the point where it crosses the second course described in Tract No. 1 of the deed of the Grantor herein; thence, from said point of beginning, and running with the North right-of-way line of Three Mile Road, N. 52 degrees 25' 47" W. 25.00' to a 5/8" bar; thence, leaving said road right-of-way and making new division lines, N. 27 degrees 34' 13" E. 25.00' to a 5/8" bar; thence S. 52 degrees 25' 47" E. - 25.00' to a 5/8" bar; thence S. 27 degrees 34' 13" W-25.00' to the place of beginning, containing 615.50 square feet, more or less, as surveyed in March, 1980, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Marion F. Reynolds and Eleanor R. Reynolds, his wife, to the Mason County Public Service District by deed dated the 8th day of January, 1981, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 315.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 23rd day of April, 1980, executed by Marion F. Reynolds and Eleanor R. Reynolds, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 259, Page 666.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Arbuckle District
615.50 sq. ft., Three Mile

Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ --
Total Assessment: $ 120.00
Class 3; taxes none due to non-taxability
Tax Map No. 322, Parcel 63.1
Assessor's Account No. 6805567

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time and will be nontaxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.0142 Acre, Arbuckle District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24. 2005, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
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Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, LC.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated along the Southeasterly right-of-way line of Upper Five Mile Creek Road (W.Va. County Route #27) in the District of Arbuckle, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a s1/21" diameter reinforcing rod found on the 1st described course of the grantor herein, common line with lands of Lawrence E. & Dollie Grady (D.B. 248, Page 32), at the intersection of said line and the Southeasterly right-of-way line of said Upper Five Mile Creek Road. Said point of beginning is further described as bearing N. 56 degrees 51 minutes 00 seconds W. 479.41' from another 1/2" rebar found on the Southeasterly bank of Upper Five Mile Creek at the beginning point described in the deed of the grantor herein; Thence, from said point of beginning, and running with the right-of-way line of said road, N. 41-38-38 E. 25.00' to a 5/8" x 30" steel pin; Thence, leaving the road and making new division lines, S. 56-51-00 E. 25.00' to a 5/8" steel pin; Thence, S. 41-38-38 W. 25.00' to a 5/8" steel pin set in the common line of said Grady; Thence, with said common line, N. 56-51-00 W. 25.00; to the place of beginning, containing 0.0142 acres, more or less, as surveyed in September of 1987, by Cerrone and Associates, Consulting Engineers, of Wheeling, W. Va.

Being the same real estate conveyed by Edna Glassburn, widow, to the Mason County Public Service District by deed dated the 15th day of October, 1987, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 291 Page 106.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of October, 1986, executed by Edna Glassburn, single, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 286, Page 684.

LEASES:

None.

RESERVATIONS:

None.

DEFECTS:

None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Arbuckle District
0.0142 Acre Five Mile
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class III; taxes none due to non-taxability
Assessor's Account No. 6815921

The 2010 real estate taxes became a lien as of July 1, 2007; however, the same are not due and payable at this time and will be non taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.09 Acre, Arbuckle District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to _June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate, lying and being in the District of Arbuckle, County of Mason, State of West Virginia, and more particularly bounded and described as follows:

Commencing at a ½" rebar with cap previously set along the division line of Ralph & Yonnie Stover (Deed Book 318, Page 242), and Lewis & Orville Williamson Jr., (Deed Book 345, Page 279); thence N77L31'22" W 75.00' to a 5/8" rebar with cap set in said line of said Stover and Williamson. Thence leaving said division line, and traveling through the lands of said Stover, the following three (3) bearings and distances:

N 12L28'38" E 50.00' to a 5/8" rebar with cap set
S 77L31'22" E 75.00' to a 5/8" rebar with cap set
S 12L28'38" W 50.00' to the point of beginning, containing 0.09 acres (3,750 sq.ft.)

Being the same real estate conveyed by Ralph Stover and Yonnie Stover, his wife, to the Mason County Public Service District by deed dated the 22nd day of October, 2004, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 375, Page 922.

DEED OF TRUST AND MORTGAGES:

NONE

RIGHT OF WAYS AND EASEMENTS:

1. A right of way recorded the 8th day of November, 1993, executed by Ralph D. & Yonnie J. Stover, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 319, Page 247.

2. An easement recorded the 1st day of April, 1947, executed by William A. & Charlotte Newell, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 133, Page 149.

LEASES:

1. An oil and gas lease was executed on the 22nd day of October, 1981, Albert L. Daniel and Carol R. Daniel to Cabot Oil & Gas Corporation, for a primary term of 5 years and as long thereafter as oil or gas is produce, said lease being of record in Lease Book 51 at page 12 in the aforesaid Clerk's office. Said lease was further assigned in Lease Book 56, Page 563.

RESERVATIONS:

None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Arbuckle District
0.09 Acre
Mason County Public Service District
Land Assessment: $ 4,740.00
Building Assessment: $107,940.00
Total Assessment: $ 112,680.00
Class 3;
Tax Map No. 365, Parcel 41.1
Assessor's Account No. 06186011

The 2010 real estate taxes became a lien as of July 1, 2007; however, the same are not due and payable at this time and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.1041 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

FIRST TRACT - REDMOND RIDGE TANK SITE

Beginning at a 5/8" x 30" rebar set in a field fence near an existing gate so as to bear S. 20 degrees 08' 38" E. 340.10' from a corner post found at the easterly most corner of an 0.459 acre tract of the Easterly most corner of 0.459 acre tract of Alan & Connie Edwards (D.B. 253, Pg. 32) and from which the Southeast fenced line of said tract was found to bear S. 69 degrees 16' 23" W. thence from said point of beginning, and making new division lines with the grantor herein while following existing field fences, S. 27 degrees 57' 27" E. 75.00 to a 5/8" rebar; thence, 37 degrees 15' 30" W. 57.59' to a 5/8" rebar; thence, leaving said field fences, N. 37 degrees 55' 47" W. 75.00' to a 5/8" rebar; thence, N. 40 degrees 52' 33" E. 70.00' to the place of beginning containing 0.1041 acres, more or less.

SECOND TRACT - WATERLINE EASEMENT

A 20' wide permanent easement with a 40' construction width, the centerline of which is described as follows: Beginning at a point of the Northeast line of the tank site the Easterly most corner of said site, thence, from said point of beginning, N. 26 degrees 50' 33" E. 106.00 to the south right-of-way line of Salt Creek (County Rt. 32).

THIRD TRACT - ACCESS EASEMENT

A 20' wide permanent easement, for vehicular access, the centerline of which is described as follows: Beginning at a point on the Northeast line of the tank site described above located S. 27 degrees 57' 27" E. 10.00' from the Northerly most corner of said site; thence from said point of beginning, and following an existing drive, N. 72 degrees 48' 33" E. 41.36' to a stake' thence, N. 82 degrees 55' 09" E. 156.86' to a P-K nail set in the centerline of Salt Creek Road (County Rt. 32.)

Reference is hereby made to a plat prepared by Cerrone & Vaughn, Inc., Engineers, entitled "Mason County Public Service District, Proposed Redmond Ridge Tank Site, lands of William and Inez Birchfield, D. B. 2213, page 64, Clendenin District, Mason County, West Virginia", dated December 5, 1979, from which the above descriptions were taken.

Being the same real estate conveyed by William Birchfield and Inez Birchfield, his wife, to the Mason County Public Service District by deed dated the 5th day of December, 1980, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 307.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 15th day of October, 1980, executed by William Birchfield and Inez Birchfield, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 262, Page 77.

2. A right of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

LEASES:
None.

RESERVATIONS:

From predecessors in the chain of title, there is reserved and excepted a right of way for lands conveyed for the private use of the Stone Farm, which may or may not affect the subject real estate.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows.

Clendenin District
0.1041 Acre
Mason County Public Service District
Land Assessment: $ 360.00
Building Assessment: $45,000.00
Total Assessment: $45,360.00
Class III; taxes none due to non-taxability
Tax Map No. 322, Parcel 51.2
Assessor's Account No. 6805380

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time and will be non-taxable

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.01 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
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Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
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Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, LC.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated along the Northerly side of Jerry's Run Road, County Route 37, approximately 1,700 feet West of the intersection of said road with County Route 39/2 in Clendenin District, Mason County, West Virginia, being more particularly described as follows:

Beginning at a point on the Northern right-of-way line of said County Route 37, said point of beginning bears S 46 degrees 16' 30" E, 647.88 from an iron pin found in the Northwest line of the grantor herein and at the Northern most corner of a 3.6 acre tract of Raymond F. & Dottie Lou Yonker (DB 255, Pg. 311). Said iron pin was found to bear N. 0 degrees 49' 30" W., 461.10 feet from an iron pin found at the 3rd described corner of said 3.6 acre tract.

Thence, from said point of beginning, and making new division lines with the grantor herein, N. 6 degrees 07' 44" W., 25.00 feet to point, passing on line at 2.08 feet, a 5/8" iron pin;

Thence, S 83 degrees 52' 16" E, 25.00' to a point; thence, S 6 degrees 07' 44" E, passing on line at 22.72 feet a 5/8" iron pin, 25.79 feet to a point on the said Northerly right-of-way line of County Route 37;

Thence, with said right-of-way, with a curve to the left having a radius of 597.96 feet, a length of 25.30 feet and a chord of N 86 degrees 29' 32" W., 25.03 feet to the point of beginning, containing 563.23 square feet, more or less, as shown on a plat attached hereto and made a part of this description.

Being the same real estate conveyed by Hobert C. Myers and Mary F. M yers, his wife, to the Mason County Public Service District by deed dated the 14th day of March, 1986, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 283, Page 634.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 8th day of February, 1986, executed by Hobart Myers and Mary Myers, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 283, Page 459.

2. A right of way dated the 8th day of February, 1986, executed by Hobart Myers and Mary Myers, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 283, Page 467.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:

Please be advised that in Deed Book 283, Page 634, the grantees name is intended to be Mason County Public Service District, and an error therein was made inasmuch as it waas typed Mason County Public Service District.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.01 Acre
Mason County Public Service District
Land Assessment: $ 900.00
Building Assessment: $ 420.00
Total Assessment: $ 1320.00
Class III; taxes none due to non-taxability
Tax Map No. 483, Parcel 9.4
Assessor's Account No. 6813825

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.359 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

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

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

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Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:
Situate in Clendenin District, Mason County, West Virginia, and bounded and described as follows, to-wit:

PARCEL ONE: TANK SITE
A parcel of land located approximately 0.57 miles East of West Virginia State Route #2 and approximately 0.16 mile North of Crab Creek Road (C R. #29) situated in the District of Clendenin, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a5/8" dia. x 30" long steel pin set at the Southerly corner of the parcel herein described which was determined to bear N. 31-48-17-E. 116.52' from a 1/2" dia. steel pin found at the first described corner of the parent tract. Said pin also being a common corner to lands of W. R. and Christian Michael Woods (DB #319, P #692-Pat DB #287, P #318) and John W. Campbell Jr. (DB #327, P #244). Thence from said point of beginning and making new division lines with the grantor herein, N. 45-04-26 W. 125.00' to a 5/8" dia. steel pin set: thence N. 44-53-34-E. 125.00' to a 5/8" dia. steel pin set: thence S. 45-04-26 E. 125.00' to a 5/8" dia. steel pin set: thence S. 44-55-43 W. 125.00' to the place of beginning, containing 0.359 of an acre, more or less, as shown on a plat attached hereto and made a part of this description as surveyed in April of 1996 by Cerrone & Associates, Inc., of Wheeling, W. Va/

Adequate room will be left around one (1) side of the tank to allow for vehicular access from the front side, i.e Southwest of the property, to the backside, i.e. Northeast.

VEHICULAR ACCESS AND WATERLINE ROUTE RIGHT-OF-WAY:
A 20' wide permanent right -of-way, together with a 30' wide temporary construction width, the centerline of which is described as follows:

Beginning at a point located on the South-West line of the above described tank site, said point being located N. 45-04-26-W. 56.05 from a 5/8" dia. steel pin set at the first described corner of the corner of the aforementioned tank site.
Thence from said point of beginning and passing thorough lands of the grantor herein, S. 39-04-46 W. 136.55' to a 3/8" dia. x 8" long spike nail set; thence S. 33-06-34 W. 115.21' to a 3/8" dia. spike nail set; thence S.40-54-50 W. 65.34' to a hub set; thence S. 56-41-39 W. 116.55' to a 3/8" dia. spike nail set at which point the permanent vehicular access route

intersects with a temporary access route described below; thence continuing with the permanent vehicular access and waterline route right of way, S. 15-03-43 E. 488.90' to a point located N. 73-19-24-E 5.00' from a 5/8" dia. steel pin set at the second described corner of the aforementioned booster station site.

The party of the second part is specifically granted the right to grade and gravel as needed , the immediate proceding right -of way

TEMPORARY VEHICULAR ACCESS ROUTE RIGHT -OF-WAY:
A 30' wide temporary right-of-way, the center-line of which is described as follows. Beginning at a 3/8" dia. spike nail set at the fifth (5th) described point along the Vehicular Access and Waterline route right-of-way, said spike nail being located S. 49-58-03 W. 429.55' from a 5/8" dia. steel pin set at the first (1st) described corner of the aforementioned tank site; thence from said point of beginning and passing through lands of the grantor herein, S. 58-16-50 W. 132 .36' to a hub set; S. 35-10-37 W. 188.23' to a 3/8" dia. spike nail set; thence S. 23-46-03 W. 85.61' to a 3/8" dia. spike nail set; thence S. 23-57-53 W. 228.18' to a 3/8" dia. spike nail set in an old road bench (the Old Main Ohio River Public Road); thence with the center-line of said road bench the following three (3) bearings and distances, S. 25-46-24 E. 34.26' to a 3/8" dia. spike nail set; thence S. 29-24-27 E. 93.06' to a point between two (2) existing gate posts; thence, S. 14-32-37 E. 21.17' to a point in the center-line of Crab Creek Road (C.R. #29).

PARCEL TWO: BOOSTER PUMPS STATION SITE
A parcel of land located along the Northerly side of Crab Creek Road (C. R . #29) approximately 0.57 mile East of its intersection with West Virginia State Route #2 situated in the District of Clendenin, County of Mason, State of West Virginia, and being more particularly described as follows.

Beginning at a point located in the Northerly right-of-way line Crab Creek Road (C.R. #29) which was determined to bear N. 65-20-21 E. 461.77' from a 1/2" dia steel pin found at the first described corner of the parent tract. Said pin also being a common corner to lands of W. R. and Christian Michael Woods (DB #319, P #692- Plat DB #287, P #316) and John W. Campbell Jr. (DB #327, P #244). Thence from said point of beginning, leaving the Northerly right-of-way line of C. R. #29 and making new division lines with the grantor herein, N. 16-40-36 W. 47.45' to a 5/8" dia. x 30" long steel pin set, at 10.11' passing a 5/8" dia. steel pin set in a fence line; thence N. 73-19-24 E. 40.00' to a 5/8" dia. steel pin set, at 5.00' passing a point on the Northerly line of the parcel herein described where the centerline of a 20' wide permanent Vehicular Access And Waterline Route Right-of-way intersects said Northerly boundary line; thence S. 16-40-36 E. 49.30' to a point located on the Northerly right-of way of C. R. #29, at 37.82' passing a 5/8" dia. steel pin set in a fence line; thence with said Northerly right-of-way line of C. R. #29, S. 75-57-56 W. 40.04' to the place of beginning. containing 0.044 of an acre, more or less, as shown on a plat attached hereto and made a part of this

description as surveyed in April of 1996 by Cerrone & Associates, Inc., of Wheeling, West Virginia.

A farm gate will be installed by the Mason County Public Service District to control access to the Booster Pump Station Site.

VEHICULAR ACCESS ROUTE RIGHT -OF-WAY:
a 20' wide permanent right-of-way, together with a 30' wide temporary construction width, the centerline of which is described as follows:
Beginning at a point located on the Westerly line of the above described Booster Pump Station Site, said point being located S. 16-40-36 E. 27.86' from a 5/8" dia. steel pin set at the second described corner of the aforementioned booster station site. Thence from said point of beginning, running parallel with a field fence and passing through lands of the grantor S. 74-46-00 W. 158.50' to a point; thence crossing said fence, S. 14-56-01 W. 36.94' to a point in the centerline of Crab Creek Road (C. R. #29).

The party of the second part is specifically granted the right to grade and gravel as needed, the immediate preceding right-of-way.

Being the same land conveyed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public Service District by deed dated the 16th day of July, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 334, Page 267

DEED OF TRUST
A deeds of trust given by William M. Gill and Garnett M. Gill, his wife, to Martha Chapman, Trustee, dated the 29th day of March, 1995, of record in the aforesaid Clerk's Office in Lien Book 159, Page 598, and given to secure a loan of $ 16,652.75 from the Commercial Credit Corp.

RIGHT OF WAYS AND EASEMENTS"

1. A right of way dated February 8, 1980, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 258, Page 432.

2. A right of way dated February 8, 1980, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 258, Page 434.

3. A right of way dated June 3, 1981, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 264, Page 436.

4. A right of way dated January 17, 1986, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason Public Service District, of in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 282, Page 351.

5. A right of way dated January 17, 1986, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 282, Page 353.

6. A right of way dated May 19, 1988, executed by William M. Gill and Garnett M. Gill, his wife, to the Appalachian Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 295, Page 48.

7. A right of way dated December 13, 1988, executed by William M. Gill and Garnett M. Gill, his wife, to the Appalachian Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 299, Page 347.

8. Reserving the right of way of Baltimore and Ohio Railroad Company and various public roads in and through a large tract of real estate is a part, which may or may not affect the subject real estate.

9. Reserving a flowage easement granted to the USA by Order of the US District Court dated August 27, 1940, of record in said Clerk's Office in Deed book 118, Page 38.

10. A right of way dated June 23, 1948 executed by I. U. Blaine and Rebecca B. Blaine, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 138, Page 211.

11. A right of way dated February 20, 1950, executed by I. U. Blaine and Rebecca B. Blaine, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 141, Page 315.

12. A right of way dated August 14, 1956, executed by I. U. Blaine and Rebecca B. Blaine, his wife, to United Fuel Gas Company, of record in said Clerk's Office in Deed Book 170, page 494.

13. A right of way dated August 14, 1958 executed by I. U. Blaine and Rebecca Blaine, his wife, to United Fuel Gas Company, of record in said Clerk's Office in Deed Book 170, page 495.

14. A right of way indenture dated February 24, 1961, executed by Eleanor B Gill and John S. Gill her husband, to Appalachian Electric Power, of record in said Clerk's Office in Deed Book 180, Page 471.

15. A right of way indenture dated February 24, 1961, executed by Eleanor B Gill and Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 193, Page 199.

LEASES:
None.

RESERVATION:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.359 Acre ORB&H
Mason County Public Service District
Land Assessment: $ 4260.00
Mineral Assessment $ 10.00
Building Assessment: $ 493,200
Total Assessment: $ 497470.00
Class 3; taxes are non-taxable
Assessor's Account No. 6113181

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS:

1. This opinion is subject of state facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fee, rates and charges made by any Public Service District servicing the subject real estate for either

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.00367 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed. and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" dia. x 30" long steel rod set on the East right-of-way line of W. Va. State Route 2 located N. 85 degrees 46' 18.3" W. 2,304.29' from a corner post found at the Southeast corner of the grantor herein and from which in turn the South line of the said grantor was found to bear S. 79 degrees 58' 41.6" W.; thence, from said point of beginning and running with East right-of-way line said State Route 2, N. 19 degrees 43' 20" W. 16.00' to a 5/8" steel rod located N. 88 degrees 28' 26.9" E. 107.74' from a U. S. Coastal & Geodetic Survey bench mark known as C-118; thence, leaving the state route right-of-way and making new division lines with the grantor herein, N. 70 degrees 16' 40" E. 10.00' to a 5/8" steel rod ;thence, S. 19 degrees 43' 20" E. 16.00' to a 5/8" steel rod; thence, S. 70 degrees 16' 40" W. 10.00 to the place of beginning. containing 0.00367 of an acre, more or less, as surveyed in November or 1985, by Cerrone & Vaughan, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by William Gill and Garnett Gill, his wife, to the Mason County Public Service District by deed dated the 7th day of January, 1986, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 282, Page 355.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 5th day of February, 1980, executed by William M. Gill and Barnett M. Gill, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 264, Page 436.

2. A right of way dated this 5th day of February, 1980, executed by William M. Gill and Barnett M. Gill, his wife, to Mason County Public Service District, of record in said Clerk's Office in deed Book 258, Page 434.

3. A right of way dated the 3rd day of June, 1981, executed by William M. Gill and Barnett M. Gill, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 264, Page 436.

4. A right of way dated the 15th day of July, 1981, executed by William m. Gill Barnett M. Gill his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 264, Page 789.

5. A right of way dated the 17th day of January, 1986, executed by William M. Gill and Barnett M. Gill his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 282, Page 351.

6. A right of way dated the 17th day of January, 1986, executed by William M. Gill and Barnett M. Gill his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 282, Page 353.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATION:

Excepting and reserving by prior conveyance, a parcel of 1.94 acres, more or less Granted to the United States of America by deed dated the 2nd day of March, 1939, of record in said Clerk's Office in Deed Book 116, Page 244, which may or may not affect the subject real estate.

DEFECTS:
None

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin Districts
0.00367 Acre
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ --
Total Assessment: $ 120.00
Class III; taxes none due to non-taxability
Tax Map No. 381, Parcel 16.1
Assessor's Account No. 6812871

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1 This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by nay Public Service District serving the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.014 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
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Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
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IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Clendenin District, Mason County, West Virginia, and more particularly described as follows:

Commencing at a ½" rebar with plastic cap se this survey, said rebar being a new corner to Ed Duncan (Deed Book 322 Page 363) and at the edge of Second Route 29; thence leaving said Secondary and making a new line through the lands of said Duncan the following three (3) bearings and distances:

1) S02°00' E 25.00' to a ½" rebar with plastic cap set.
2) N57°12' W 30.45' to a ½" rebar with plastic cap set.
3) N 02°00'W 25.00' to a ½" rebar with plastic cap set, said rebar being a new corner to said Duncan and at the edge of above said Secondary.

Thence with said Duncan and said Secondary S 57° 12' E. 30.45' to the point of beginning; Containing 625 Sq. Ft. (0.014 acre) as shown upon that certain plat made as the result of a survey by Point Surveying and Mapping, Route 1, Box 495, Cottageville, WV 25239. A copy of said plat, dated 27 July 1999, is attached hereto and made a part of this description.

Temporary Construction Right-Of-Way

A temporary construction right-of-way, to be maintained within a reasonable distance, around the boundaries of the above described 0.014 acre booster station site for the purpose of site preparation, grading, and drainage including the right of the grantee to alter the contour of the existing ground to provide adequate site drainage.

Being the same real estate conveyed by Ed Duncan and Rebecca Lynn Duncan, his wife, to the Mason County Public Service District by deed dated the 10th day of August, 1999, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 350, Page 755.

DEED OF TRUST AND MORTGAGES:

1. None.

RIGHT OF WAYS AND EASEMENTS:

1. An easement recorded July 17, 1969, executed by Bessie Dabney to C&P Telephone Co., of record in said Clerk's office in Deed Book 214, Page 192.

2. A right of way recorded July 30, 1954, executed by Bessie Dabney to C&P Telephone Co., of record in said Clerk's office in Deed Book 157, Page 334.

3. An easement recorded September 7, 1945, executed by Bessie Dabney to Appalachian Electric Power Co., of record in said Clerk's office in Deed Book 128, Page 183.

LEASES:
None.

RESERVATIONS:

None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.014 Acre
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $420.00
Total Assessment: $580.00
Class III; taxes none due to non-taxability
Tax Map No. 403, Parcel 46.2
Assessor's Account No. 6161513

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
709 Sq. Feet, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Clendenin District, Mason County, West Virginia, and being more particularly described as follows:

Commencing at a 1/2" rebar with plastic cap set this survey, said rebar being in a line of Robert Baird (Will Book 23 Page 589), in a line of Harold Mayes (Deed Book 322 page 291) and at the edge of right of way of Route 2; thence with the division line of said Baird and said Mayes S 81° 09" E 29.75' to a 1/2" rebar with plastic cap set, said rebar being the division line of said Baird and said Mayes; thence leaving said division line making a new line through the lands of said Baird the following two (2) bearings and distances:
1) S 08° 34' E 25.00' to a rebar with plastic cap set;
2) N 81° 09' W 29.74' to a 1/2" rebar with plastic cap set, said rebar being in the lands of said Baird and at the edge of right of way of above said Route 2; thence with said right of way N 08°34' W 25.00' to the point of beginning, containing 709 square feet as shown upon that certain plat made as the result of a survey by Point Surveying and Mapping dated 09 January 1999, said plat being attached hereto and made a part of this description.

Temporary Constriction Right Of Way

A temporary construction right-of-way, to be maintained within a reasonable distance, around the boundaries of the above described 709 square feet booster station site for the preparation and grading

This right of way shall expire at the conclusion of the work mentioned herein.

In the event the grantee, its successors and assign, abandon the booster station to be constructed on the 709 square feet of real-estate described herein, such real estate shall by operation of law revert to the grantors and their heirs.

Being the same real estate conveyed by Robert C. Baird and Eileen Baird, his wife, to the Mason County Public Service District by deed dated the 19th day of January, 1999, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 348, Page 370

DEED OF TRUST AND MORTGAGES:

1. None

RIGHT OF WAYS AND EASEMENTS:

1. An easement recorded July 14, 1944, executed by William E. Kirk to Appalachian Electric Power Company, of record in said Clerk's office in Deed Book 126, Page 31.

2. An easement recorded June 24, 1953, executed by William E. Kirk to Appalachian Electric Power Company, of record in said Clerk's office in Deed Book 145, Page 331.

3. A right of way recorded October 2, 1954, executed by William E. Kirk to C&P Telephone Co., of record in said Clerk's office in Deed Book 158, Page 127.

4. A right of way recorded October 21, 1958, executed by William E. Kirk to United Fuel Gas Co., of record in said Clerk's office in Deed Book 171, Page 222.

5. A WD of flowage easement recorded August 21, 1962, executed by William E. Kirk to United States of America, of record in said Clerk's office in Deed Book 186, Page 466.

6. A pipeline right of way recorded November 1, 1983, executed by William E. Kirk to Union Drilling Co., of record in said Clerk's office in Deed Book 273, Page 139.

7. A right of way easement recorded March 20, 1986, executed by William E. Kirk to Mason County Public Service District, of record in said Clerk's office in Deed Book 283, Page 246.

LEASES:
None.

RESERVATIONS:

None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.016 Acre
Mason County Public Service District
Land Assessment: $ 180.00
Building Assessment: $--
Total Assessment. $180.00

Class III; taxes none due to non-taxability
Tax Map No. 441, Parcel 4.1
Assessor's Account No. 6159605

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
Surface Only; .036 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at an axle (found) on the West right-of-way line of West Virginia Primary State Route No. 2, and marking a corner common to the lands now or formerly owned by Robert F. Stephens and Beulah Glendale Stephens (Deed Book 310, at page 282) and the lands now owned by Shell Oil Company (Deed book 316, at page 174)' thence leaving the lands of the said Stephens, and with the West right-of-way line of the said Route No. 2, S. 10 degrees 52' 08" E. 40.00 feet to an iron pin (set); thence, leaving the West right-of-way line of the said Route No. 2, and severing the lands of the said Shell Oil Company, as follows: S. 88 degrees 34' 37" W. 40.00 feet to an iron pin (set), N. 10 degrees 52' 08" W. 400.00 feet to an iron pin (set) in the line of the lands of the said Stephens; thence, with the lands of the said Stephens, N. 88 degrees 34' 37" E. 40.00 feet to the Beginning, containing 0.036 acre, (1,578 square feet), more or less, as surveyed by Ronald L. Eastham, West Virginia Registered Professional Surveyor No. 150, on November 28, 1994, and being a part of the same tract of land as described in a deed from Kenneth W. Black and Vivian Louise Blake, husbnd and wife, to Shell Oil Company, dated April 1, 1993, and recorded in Deed Book 316, at page 174, in the Office of the Clerk of the County Commission of Mason County, West Virginia.

Being the same real estate conveyed by Shell Oil Company, a Delaware corporation, to the Mason County Public service District by deed dated the 13th day of August, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 335, Page 47.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 23rd day of July, 1993, executed by Shell Oil Company to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 318, Page 12.

LEASES:

None.

RESERVATIONS:

Subject to the exceptions and conditions as shown upon a deed dated the 13th day of August, 1996, by and between Shell Oil Company, a Delaware Corporation, and Mason County Public Service District, of record in said Clerk's Office in Deed Book 335, Page 47.

DEFECTS:
None.

TAXES:

The 2007 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.036 Acre ORH.
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessments: $ --
Total Assessment: $ 60.00
Class III; taxes none due to non-taxability
Tax Map No.461, Parcel 1.6
Assessor's Account No. 6146020

The 2008 real estate taxes became a lien as of July 1, 2007; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.01 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" x 30" rebar (set) on the North right-of-way line of Horselick Road (County Route 29/6) so as to bear S. 79 degrees 15' 24" W. 286.61' from a Black Oak stump found at the Southeast corner of the lands of the Grantor herein and from which the East fence line of said Grantor ws found to bear N. 2 degrees 01' 16" E. In addition, the point beginning can be described as bearing N. 74 degrees 43' 43" E. 365.00 from a corner post found at the Northeast corner of lands of Kenneth Gardener (D.B. 237, Pg. 362) from which the East line of said Gardener land was found to bear S. 15 degrees 16' 18" W.; thence, from said point of beginning, and running with the North R/W line of said Horselick Road, S. 74 degrees 40' 53" W. 25.00 to a 5/8" rebar; thence, leaving the road and making new division lines with the Grantor herein, N. 15 degrees 19' 07" W. 25.00 to a 5/8" rebar; thence N. 74 degrees 40' 53" E. 25.00 to a 5/8" rebar; thence S. 15 degrees 19' 07" E. 25.00' to the place of beginning, containing 625 sq. ft.; more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers, in September of 1981 and being shown on a plat.

Being the same real estate conveyed by Richard Edward Lanz and Sheila Lynn Lanz, his wife, to the Mason County Public Service District by deed dated the 18th day of September, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 265, Page 561.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 14th day of February, 1980, executed by Robert D. Lanz and Mary A. Lanz, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 258, Page 610..

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:
None.

DEFECTS.

1. Please be advised that by deed dated the 21st day of July, 1972, by and between Parker and Edna Husselton, his wife, to Robert D. Lanz and Mary A. Lanz, of record in said Clerk's Office in Deed Book No. 227, Page 374, the Notary, when taking

the acknowledgment, did not indicate the date of the signatures of the grantors and did not include his Notary expiration date.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed follows:

Clendenin District
.01 acre Wyoma
Mason County Public Service District
Land Assessment: $180.00
Building Assessment: $ 1740.00
Total Assessment: $ 1920.00
Class III; taxes none due to non-taxability
Tax Map No. 362 Parcel 34.1
Assessor's Account No. 6151629

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.2712 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE.

A parcel of land situate near the South side of Jerry's Run Road (County Route #37) just East of Mount Union Ridge Road (County Route #76) in the District of Clendenin, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a corner post found in the ninth and final course of the grantor herein located S. 45 degrees 18' 07.7" W. 107.31' along said ninth course, from the centerline of said Jerry's Run Road which, in turn, is described as the beginning point of said grantor herein. Said corner post is further described as the common corner of two adjoining properties being John W. & Melba Ruth Fowler (D.B. 264, Pg. 801) and Weldon & Naomi Wears (D.B. 184, Pg. 182); thence, from said point of beginning and running with said ninth course N. 45 degrees 18' 07.7" E 78.39' to a point; thence leaving said ninth course and making new division lines with the grantor herein, S 24 degrees 46' 21.5" E 136.25' to a point passing a 5/8" dia. rod on line at 76.63'; thence S 65 degrees 13' 38.5" W 100.00 to a point, thence N 24 degrees 46' 21.5" W 100.00 to a point on said ninth and final course of the grantor herein passing another 5/8" rod on line at 59.62'; thence running with said ninth course N 45 degrees 18' 07.7" E 27.98' to the place of beginning containing 0.2712 acre, more or less, as surveyed by Cerrone & Vaughn, Inc. Engineer of Wheeling, WV, in November, 1985.

Together with right-of-ways for vehicular access, power, construction and water lines as shown on the plat.

Being the same real estate conveyed by John L. Bowcott and Doris M. Bowcott, his wife, to the Mason County Public Service District by deed dated the 8th day of April, 1986, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 284, Page 298.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS.

1. A right of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

2. A right of way dated the 17th day of May, 1984, executed by John L. Bowcott to the Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 276, Page 91.

3. A right of way dated the 19th day of November, 1985, executed by John L. Bowcott and Doris Bowcott, his wife, to the Mason County Public Service District, of record in said Clerk's Office in Deed Book 282, Page 713.

LEASES.

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:

Please be advised by deed dated the 8th day of April, 1986, of record in said Clerk's Office in Deed Book 284, Page 298, there is the following: "The subject property shall revert to the grantors herein in the event that the grantee herein fails to use said property as storage tank site or other pressure generating purpose for the continuous period of twenty (20) years and upon said reversion, the grantors shall be required and shall pay unto the grantee, the same consideration paid by the grantee herein unto the said grantors."

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.2712 Acre White Pine
Mason County Public Service District
Land Assessment: $ 420.00
Building Assessment: $ 54,000.00
Total Assessment: $ 54,420.00
Class III; taxes none due to non-taxability
Tax Map No. 505, Parcel 23.1
Assessor's Account No. 6814058

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.23 Acre Crab Creek, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" rebar set near a ridge so as to bear N. 28 degrees 20' 05" W. 394.89' from a tree found at the apparent Southeast corner of parcel #6 as described in the deed of the grantor herein from which the common (fenced) line, between the grantor herein and lands of Bernard L. Crawford, D. B. 238, pg. 291, was found to bare N. 45 degrees 28' 04" W.; thence from said point of beginning, and making all new division lines with the grantor herein, N. 66 degrees 43' 53" W. 100.00' to a 5/8" rebar; thence N> 23 degrees 16' 07" E. 100.00" to a 5/8" rebar; thence S. 66 degrees 43' 53"E. 100.00' to a 5/8" rebar; thence S. 23 degrees 16.07" W. 100.00' to the point of beginning, containing 0.2296 acres, more or less, as surveyed by Cerronr & Vaughn, Inc. Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Lester Albert Putney Sr. and Edna Avalee Putney, his wife, to the Mason County Public Service District by corrective deed dated the 18th day of August, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 265, Page 320.

DEED OF TRUST:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of February, 1980, executed by Lester Albert Putney Sr. and Edna Avalee Putney, his wife, to Mason County Public Service District of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 258, Page 2320.

2. Aright of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

LEASES:
None.

RESERVATIONS.
None.

DEFECTS:
None.

TAXES:

The 2007 real estate, taxes non-taxable. Said real-estate is assessed as follows:

Clendenin District
.23 acre, Crab Creek
Mason County Public Service District
Land Assessment: $ 600.00
Building Assessment: $ --
Total Assessment: $ 600.00
Class 3; taxes none due to non-taxable
Tax Map No. 402, Parcel 8.3
Assessor's Account No. 6805399

The 2008 real estate, taxes became a lien as of July 1, 2007; however the same are not yet due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
1.257 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

FIRST TRACT: TREATMENT SITE

Beginning at a 5/8" by 30" long rebar set on North line of the grantor herein at the intersection of said North line with West line of the Baltimore and Ohio Railroad Co. at railroad valuation station 2205 + 40.5, thence, from said point of beginning, and running with the West R/W line of the said B & O Railroad S. 18 degrees 13' 48.9" E. 99.32' to a point of new division; thence, making new division lines S. 84 degrees 23' 54" W. 619.60' to a point on the East side line of the proposed well field easement described below; thence, with the East line of said well field, N. 5 degrees 16' 53" W. 82.81 to a 5/8" x30" rebar set on the North line, N. 83 degrees 02' 39.4" E. 597.59" , to the point of beginning, passing a pin set on line at 359.17' , containing 1.257 acres, more or less, as surveyed in August of 1979 by Cerrone and Vaughn, Inc., Engineers of Wheeling, W. Va., and as shown on a plat recorded in the Office of the Clerk of the County Commission of Mason County, W. Va. in Plat Book No. 7, page 5.

SECOND TRACT: EASEMENT FOR WELL FIELD

Beginning at a 5/8" x30" rebar set on the North line of the grantor herein at the third described corner of the treatment site above which bear S. 83 degrees 02' 39.4 W. 598.59' from the West R/W line of the Baltimore and Ohio Railroad; thence, from said point of beginning along the Wet line of the treatment site described above and continuing ; thence to make new division lines, S. 5 degrees 16' 53" E. a total of 582.90' to a 5/8" x30" rebar set on the South line of said grantor herein; thence, with said South line, S. 84 degrees 23' 54" W. 50.00' to a 5/8" x30" rebar set at a point of new division; thence, making new division lines. N. 5 degrees 16' 47" W. 581.73' to a 5/8" x30" rebar set on the North line of said grantor; thence, with said North line, N. 83 degrees 02' 39.4" E. 50.00' to the point of beginning, containing 0.668 acres, more or less, as shown on the above-referred to plat recorded in said Clerk's Office in Plat Book No. 7, page 5. The easement for well fields includes also an easement for power.

THIRD TRACT. RIGHT-OF-WAY FOR ACCESS

A 21' wide permanent easement for access. water line and power beginning on the South line of the treatment site described above and running; thence along the West R/W line of the Baltimore and Ohio Railroad to the South line of the grantor herein as shown on the above referred to plat recorded said Clerk's Office in Plat Book No. 7, page 5.

FOURTH TRACT: LINE EASEMENT

A 20' wide permanent easement, with a 40' construction width the centerline of which permanent easement is described as follows: Beginning at a point on the West line of a 1.257 acre water treatment site (optioned by the Mason County P. S. D. from the Grantor herein) (Deed Book 258,. Page 487) located S. 5 degrees 16' 53" E. 10.00' from the Northwest corner of said site, thence, from said point of

beginning, and running parallel with the North line of the Grantor herein, S. 83 degrees 02' 39.4" W. 120' more or less, to the edge of the Ohio River at its normal pool.

Being the same real estate conveyed by Deal Construction Company, a West Virginia Corporation, to the Mason County Public Service District by deed dated the 10th day December, 1980, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 311.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENT:

1. Rights conveyed to the Ohio River Railroad Company, now know as the B & O Railway Company, on the 6th day of May, 1987, of record in said Clerk's Office in Deed Book 42, Page 389.

2. A flowage easement deeded to the United States of America, covering 2.72 acres, by deed dated the 26th day of January, 1938, of record in said Clerk's Office in Deed Book 114, Page 510.

3. A right of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

4. A right of way dated the 2nd day of April, 1980, executed by Deal Construction Company to Appalachian Power Company, of record in said Clerk's Office in Deed Book 260, Page 39.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:

Subject to the exceptions and reservation as shown upon a deed dated the 10th day of December, 1980, of record in said Clerk's Office in Deed Book 263, Page 311. By and between Deal Construction Company ant the Mason County Public Service District

DEFECTS:
None

TAXES:

The 2007 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
1.257 Acre
Mason County Public Service District
Land Assessment: $ 5,280.00
Building Assessment: $ 45 000.00
Total Assessment: $ 50, 280.00
Class 3; taxes none due to non-taxability
Tax Map No. 381, Parcel 10.2
Assessor's Account No. 6805406

The 2008 real estate taxes became a lien as of July 1, 2007, however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real-estate for either water, sewer of gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0147 Acre Ten Mile, Cologne District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cologne District, Mason County, West Virginia, and more particularly bounded and described as follow, to-wit:

A parcel of land situated along the East line of Leon-Baden Road (County Route 23) approximately 0.3 miles South of its intersection with County Route 23/1 in the District of Cologne, County of Mason, State of West Virginia, and being more particularly described as follows: Beginning at a 5/8" x 30" bar set on the East right-of-way line of Leon-Baden Road located N. 9 degrees 24' 22" W. 158.25' from the intersection of a fence line, described as the sixth course in the deed of the grantor herein, and the centerline of said Route #23; and from which, the said fence line was found to bear N. 83 degrees 45' 20" E. with its corner post located 18.21' from the centerline of the said road where mulberry once stood. Thence from said point of beginning, and running with the East line of said Leon-Baden Road N. 13 degrees 48' 08" W. 25.00' to a 5/8" x 30" bar; thence leaving said road and making new division lines with the grantor herein N. 76 degrees 11' 52" E. 25.00' to a 5/8" x 30" bar; thence S. 13 degrees 48' 08" E. 25.00' to a 5/8" x 30" bar; thence S. 76 degrees 11' 52" W. 25.00' to the place of beginning, containing 0.014 acre, more or less, as surveyed in April of 1983, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Bonnie C. Hartley and Dawson E. Hartley, her husband, to the Mason County Public Service District by deed dated the 18th day of July, 1983, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 272, Page 168.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 18th day of October, 1947, executed by D. E. Hartley and Bonnie Cadle Hartley, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 135, Page 112.

2. A right of way dated the 13th day of February, 1965, executed by Dawson Hartlet to Chesapeake & Potomac Telephone Company of West Virginia, of record in said Clerk's Office in Deed Book 200, Page 18.

LEASES:

1. An oil and gas lease given by D. E. Hartley and Bonnie Hartley, his wife, to Consolidated Gas Supply Corporation, dated the 13th day of August, 1974, of record in said Clerk's Office in Lease Book 39, Page 58, conveying 64 acres in Cologne District for

a term described therein as ten years from date and as long thereafter as said land is operated by the Lessee in the search for or production of oil, gas, natural gasoline, etc.

2. An oil and gas lease given by Dawson E. Hartley and Bonnie C. Hartley, his wife, to Kaiser Exploration & Mining Company, dated the 5th day of April, 1983, of record in said Clerk's Office in Lease Book 54, Page 258, conveying 64 acres in Cologne District for a term described therein as five years from 8-14-84 and as long thereafter as the Lessee is engaged in the production of or search for oil and gas, or either of them, on the leased premises.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cologne District
.014 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 347, Parcel 20.1
Assessor's Account No. 6033874

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

NOTE:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.014 Acre KH, Cologne District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cologne District, Mason County, West Virginia, and being more particularly described as follows.

Parcel One:
Beginning at a point on the westerly right of way line of U. S. Route No. 35, said point being 600.5 feet along said right of way from the property line of a tract of land now owned by May Crookham; thence from said beginning point S. 57° 10' W. 59.5 feet to a point in the easterly right of way line of the New York Central Railroad ; thence along said railroad right of way N. 25° 42' W. 56.4 feet to a point in said right of way line; thence leaving said railroad 57° 10' E. to a point in the westerly right of way line of U. S. Route No. 35; thence along S. 32° 50' E. 56 feet to be the beginning, and containing 0.08 acres, more or less.

Parcel Two:
Beginning at a point in Lot No. 5 of the Crookham Farm which point is located N. 37° E. 217.2 feet from the Southeasterly corner of a certain parcel of land sold by J. C. Warner and Grace Warner, his wife to Herman L. Shinn and others, by deed dated September 17, 1952, and recorded in Deed Book 164, page 218; thence N. 41° W. 679.68 feet to a point in the Southerly line of the proposed tank site and thence S. 49° W. 25 feet; thence N. 41°50 feet; thence N.49° E. 50.00; thence S.41° E. 50 feet; thence to the beginning S. 49° W. 25 feet, containing an area of 0.06 acres, more or less, with the right of temporary easement to move construction equipment and materials around and about tank site during construction.

And for the consideration aforesaid; the said party of the first part does grant and convey unto the party of the second part an easement and right of way Twenty-five (25) feet in width for the purpose of laying a water line in., over and under said Twenty-five (25) foot easement, and additional pipe lines within said easement as such additional pipe lines become necessary, and an easement and right of way for the transport of a water tank together with the foundations therefor and other equipment necessary to the construction of said water tank, and also an easement and right of way to the said party of the second part for ingress and egress to said tank site and said waterline for the purposes of repairing and laying additional water lines or additional lines or water tank or tanks may become necessary. Said easement is more particularly described as follows:

Beginning at a point in Lot No. 5 of the Crookham farm which point is located N. 37° E. 217.42 feet from the southeasterly corner of a certain parcel of land sold by J. C. warner and Grace Warner, his wife, to Herman L. Shinn and others, by deed dated September 17, 1952, and recorded in Deed Book 164, page 218; thence N. 41° W. 679.68 feet to a point in the Southerly line of the proposed tank site and thence N. 49° E. along the Southerly line of said tank site to a stake the

Southeasterly corner of said tank site; thence S. 41° E. 674.34 feet to a point in the Northerly right of way line of the Baden road; thence along said Baden road S. 37° W. 25 feet to the beginning, containing 0.39 acres, more or less.

Said easement is parallel with an A T & T pole line as shown on a plat prepared by J. H. Milam, Inc., dated February 9, 1967, containing 0.39 acres, more or less.

And being the same real estate conveyed to the Mason County Public Service District by Town of Leon, a municipal corporation, by deed dated January, 29, 1999, and recorded n the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 348, page 433.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 4th day of December, 1981, executed by Town of Leon, WV, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 266, Page 359.

2. A right of way dated the 31st day of August, 1948, executed by J.C. Warner and Grace Warner, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 138. Page 377.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed follows:

Cologne District
2 Parcels
Mason County Public Service District
Land Assessment: $ 1020.00
Building Assessment: $ 36,000.00
Total Assessment: $ 37,0200.00
Class 3; taxes none due to non-taxability

Tax Map No. 386, Parcel 9.5
Assessor's Account No. 6159650

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.14 Acre KH, Cologne District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cologne District, Mason County, West Virginia, and more particularly bouonded and described as follows, to-wit:

A parcel of land situated along the East line of Leon-Baden Road (County Route 23) near its intersection with Dunham Road (County Route 48) in the District of Cologne, County of Mason, State of West Virginia, and being more particularly described as follows:
Beginning at a 5/8" x 30" bar set on the East right-of-way line of Leon-Baden Road (County Route 23) located S. 88 degrees 20' 10" W. 172.06' from a corner post found at the Southeast corner of the grantor herein and from which a fence was determined to bear N. 9 degrees 58' 08" W. along the East line of said grantor; thence from said point of beginning, and running with the East line of said Leon-Baden Road, N. 11 degrees 04' 15" W. 25.00' to a 5/8" x 30" bar; thence leaving said road and making new division lines, N. 78 degrees 55' 45" E. 25.00' to a 5/8" x 30" bar; thence S. 11 degrees 04' 15" E. 25.00' to a 5/8 "x 30" bar; thence S. 78 degrees 55' 45" W. 25.00' to the place of beginning, containing 0.014 of an acre, more or less, as surveyed in April of 1983, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Beatrice Boles, single, and Dvid Oldaker and Mary Oldaker, his wife, to the Mason County Public Service District by deed dated the 11th day of August, 1983, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 272, Page 300.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 26th day of January, 1940, executed by D. W. J ones and Elizabeth Jones, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 117, Page 138.

2. A right of way dated the 3rd day of July, 1924, executed by D. W. J ones and Lizzie Jones, his wife, to Interstate Power Company, of record in said Clerk's Office in Deed Book 100. Page 70.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed follows:

Cologne District
.014 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 367, Parcel 33.1
Assessor's Account No. 6030868

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0143 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
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Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:
Situate in Cooper District, Mason County, West Virginia, and bounded and described as follows, to-wit:

Beginning at an existing steel pin found on the East right-of-way line of said Bud Chattin Road at the Northwest corner of a lot now or formerly owned by James C. & Betty J. Neville (D.B. 248, Pg. 633) thence, from said point beginning, and running with the East right-of-way line of said Bud Chattin Road, N. 38 degrees 33' 12" E. 25.00' to a 5/8" x 30" steel bar; thence, leaving said road right-of-way and making new division lines, S. 54 degrees 51' 53" E. 25.00' to a 5/8" bar; thence, S. 38 degrees 33' 12" W./ 25.00' to a 5/8" bar set in the North line of said Neville lot; thence, with said lot line, N. 54 degrees 51' 53" W. 25.00' to the place of beginning, containing 0.0143 acres, more or less, as surveyed in November of 1979 by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Trenton M. Stove Jr. and Christina Hudson Stove, his wife, to the Mason County Public Service District by deed dated the 24th day of November, 1980, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 301.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed follows:

Cooper District; 0.0143 Acre
Mason County Public Service District
Land Assessment: $ 960.00
Building Assessment: $ 1,620.00
Total Assessment: $ 2,580.00

Class III; taxes non due to non-taxability
Assessor's Account No. 6805727

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.23 Acre OT, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE.

FIRST TRACT - TANK SITE:

Beginning at a 5/8" dia. x 30" long steel bar set in the common fenced line between lands of the Grantor herein and lands of Wallie W. & Imogene Hart (D.B. 208, Pg. 447) located N 4 degrees 39' 06.5" E. 326.95' from a corner post found on the R/W line of said Bearwallow Road at the Southeast corner of the Grantor herein, thence from said point of beginning, and making new division lines N. 85 degrees 20' 53.5" W. 100.00 to a 5/8" bar; thence N. 4 degrees 39' 06.5" E. 100.00 to a 5/8" bar; thence, S. 85 degrees 20' 53.5" E. 100.00 to a 5/8" bar set in said common line with lands of Hart; thence, with said common line, S. 4 degrees 30' 06.5" W. 100.00 to the place of beginning containing 0.2296 acres, more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers of Wheeling, West Virginia, in November of 1979.

SECOND TRACT - PERMANENT ACCESS EASEMENT

A 20' wide permanent access easement, the centerline of which is described as follows: Beginning at a point on the South line of the Tank Site described above, located N. 85 degrees 20' 53.5" W. 18.54' from the Southeast corner of said site, thence, from said point of beginning, S. 4 degrees 28' 30' E. 52.79' to a stake; thence, running parallel with and 10' West of the common line fence between the lands of the Grantor herein and lands of said Hart, S. 4 degrees 39' 06.5" W. 273.06' to a point on the R/W line of Bearwallow Road (County Route 26/4).

THIRD TRACT - CONSTRUCTION ACCESS EASEMENT

A 40' wide construction access easement, the centerline of which is described as follows: Beginning at a point on the West line of the tank site described above, located S. 4 degrees 39' 06.5" W. 40.00 from the Northwest corner of said site; thence, from said point of beginning, N. 76 degrees 53' 22" W. 173.63' to a point in an existing farm lane; thence, with said lane N. 62 degrees 56' 38" W. 230.27' to a point; thence, leaving said farm lane and traveling through a meadow, N. 78 degrees 28' 38" W. 108.54' to a point; thence S. 56 degrees 37' 32" W. 208.99' to a point which is once again in the aforementioned farm lane; thence, with said lane, S. 30 degrees 44' 20" W. 190.67' to a point; thence, S. 34 degrees 41' 38" E. 50.25' to a point in the centerline of said Bearwallow Road.

Reference is hereby made to a plat prepared by Cerrone & Vaughn, Inc., Engineers, entitled "Mason County Public Service District, Proposed Bear Wallow Tank Site, land of Howard Devault and Esta Devault, D. B. 99, page 395, Cooper District, Mason County, West Virginia," dated December 11, 1970, from which the above descriptions were taken.

Being the same real estate conveyed by Esta Devault, single, to the Mason County Public Service District by deed dated the 21st day of November, 1980, of record

in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 297.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.23 Acre OT
Mason County Public Service District
Land Assessment: $ 1,560.00
Building Assessment: $ 48,000.00
Total Assessment: $ 49,560.00
Class 3; taxes none due to non-taxability
Tax Map No. 287, Parcel 27.1
Assessor's Account No. 6805718

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.014 Acre KR, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed. and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" x 30" steel bar set on the West right-of-way line of said Brighton Road located S. 13 degrees 40' 07" W. 727.12' from a corner post found on said West line of Brighton Road at the second described corner of the Grantor herein; thence from said point of beginning and running with the West right-of-way line of Brighton road, S. 43 degrees 15' 13" W. 25.00' to a 5/8" bar; thence leaving said road right-of-way and making new division lines, N. 46 degrees 44' 47" W. 25.00' to a 5/8" bar; thence N. 43 degrees 15' 13" E. 25.00' to a 5/8" bar; thence S. 46 degrees 44' 47" E. 25.00' to the place of beginning, containing 625 square feet, more or less, as surveyed in March of 1980, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W Va.

Being the same real estate conveyed by Joseph Higgins, single, to the Mason County Public Service District by deed dated the 8th day of January, 1981, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 320.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 24th day of May, 1980, executed by Joseph Higgins, single, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 261, Page 220.

LEASES.
None.

RESERVATIONS:

Please be advised that by deed dated the 25th day of April, 1980, of record in said Clerk's Office in Deed Book 261, Page 214, there is the following exception and reservation: "Reserving a small plot of land on the hill near the back part of said place of 8 feet x 81 feet, containing a grave. Wherein, is entered the body of Nellie McGuffin, with access to the same for the purpose of caring for said grave or removing the body of Nellie McGuffin, should it become desirable to make such removal." The said reservation may or may not affect the subject real estate.

DEFECTS:
None.

TAXES:

The 2009 taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.014 Acre KRH
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ --
Total Assessment: $ 120.00
Class 3; taxes none due to non-taxability
Tax Map No. 324, Parcel 27.3
Assessor's Account No. 6805692

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0052 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated along the North right-of-way line of Gill Ridge Road (County Route 20) approximately 3.000' Northeast of the intersection of Gills Ridge Road and West Virginia State Route 2 in the District of Cooper, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a 5/8" x 30" steel bar set on the North right-of-way line of said Gill Ridge Road so as to bear N. 84 degrees 11' 42" E. 266.28' from a point in the centerline of said road at the Southwest corner of the Grantor herein (first described corner of said Grantor's deed). Thence, from said point of beginning, and making new division lines with the Grantor herein, N. 6 degrees 31' 00" E. 15.00' to a 5/8" bar; thence, S. 83 degrees 29' 00" E. 15.00' to a 5/8" bar; thence, S. 6 degrees 31' 00" W. 15.00 to a 5/8" bar set on the North right-of-way line, N. 83 degrees 29' 00" W. 15.00' to the place of beginning containing 0.0052 acres, more or less, as surveyed in February, 1981, by Cerrone and Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by H. David Snowden and Pamela Sue Snowden, his wife, to the Mason County Public Service District by deed dated the 10th day of March, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 272 Page 698.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 15th day of March, 1979, executed by David Snowden, single to Mason County Public Service District of record in said Clerk's Office in Deed Book 254, Page 591.

2. A right of way dated the 8th day of August, 1981, executed by David Snowden and Pamela Snowden, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 265, Page 200.

3. A right of way dated the 10th day of May, 1982, executed by David Snowden to West Virginia Telephone Company, of record in said Clerk's Office in Deed Book 269, Page 52.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.0052 Acre OT
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 286, Parcel 4.1
Assessor's Account No. 6809171

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.23 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Castro & Castro L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

FIRST TRACT - TANK SITE:

Beginning at a 5/8" x 30" rebar set on the Ease easement line of the Appalachian Power Company right-of-way (D.B. 105, Page 478) for high tension lines located N. 2 degrees 49' 53" W. 154.21' along said East easement line from the North right-of-wy line of Sand Hill Road. Said Point of beginning being further described as bearing S. 65 degrees 10' 34" E. 161.75' from a stone found at the 3rd described corner of a 6.625 acre tract conveyed to Howard and Anna Weigand by the grantor herein in D. B. 169, page 347, thence, from said point of beginning, and running with said Power Co. right-of-way line N. 2 degrees 49' 53" W. 100.00' to a 5/8" rebar; thence making new division lines, N. 87 degrees 10' 07" W. 100.00' to a 5/8" rebar; thence S. 2 degrees 49' 53" E 100.00 to a 5/8" rebar; thence S. 87 degrees 10' 07" W. 100.00' to the point of beginning, containing 0.2296 acres, more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers of Wheeling, West Virginia.

SECOND TRACT - WATERLINE AND BOOSTER EASEMENT

A 20' wide permanent easement, to lay, operate, maintain, repair, replace, and/or remove a water line together with the construction and maintenance of a small structure housing water pumps and electrical gear, the centerline of which easement is described as follows: Beginning at a point on the South line of the Tank site described as follows: Beginning at a point on the South line of the Tank site described above, located N. 87 degrees 10' 07" E. 10.00' from the Southwest corner of said site; thence, from said point of beginning and running parallel with the East line of the Appalachian Power Co. easement, S. 2 degrees 49' 53" E. 155.5' more or less to the North right-of-way line of Sand Hill Road (County Route 15).

THIRD TRACT - VEHICULAR ACCESS EASEMENT

A 20' wide permanent easement the centerline of which is described as follows: Beginning at a point on the South line of the tank site described above located S. 87 degrees 10' 07" W. 17.66' from the Southeast corner of said site: thence, from said point of beginning, S. 52 degrees 33' 54" W. 63.59' to a point located 20' East (when measured on the perpendicular) of the centerline of the water line easement described above; thence, running parallel with said water line easement, S. 2 degrees 49' 53" E> 122.0 more or less to the North R/W line of Sand Hill Road (County Route 15).

Being the same real estate conveyed by Garnet T. Aten, single, to the Mason County Public Service District by deed dated the 21st day November, 1980, and of

record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263 Page 293.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 19th day of February, 1980, executed by Garnet Aten, single, et al., to Mason County Public Service District, of record in said Clerk's Office in Deed Book 258, Page 721.

LEASES:
None.

RESERVATIONS.
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.023 Acre Letart
Mason County Public Service District
Land Assessment: $ 1,680.00
Building Assessment: $ 1,560.00
Total Assessment: $ 3,240.00
Class III; taxes none due to non-taxability
Tax Map No. 247, Parcel 65.1
Assessor's Account No. 6805709

The 2010 real estate became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
Mason County Public Service District	4.30 Acres, Cooper District	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE
Mason County Public Service District	Mason	West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a point in the division line between A. Glenn and the West Virginia Department of Highways, said point being in the Western existing right of way line of U.S. Route 33 and 25 feet radially right of Project 139- C, Centerline Station 317+71.5, Mason County, West Virginia:

thence, Southeasterly with said existing right of way line, with a curve to the left, having a radius 1,935 feet, concentric to centerline, 198.6 feet (Deed) to a point in the division line between William J. Rollins and the West Virginia Department of Highways;

thence, S. 59 degrees 30' W. (Deed), with said division line, 245 feet, more or less, to a point;

thence, S. 33 degrees 32' E., 149.90 feet (Deed), continuing with said division line, to a point;

thence, S. 63 degrees 12' W., 400 feet (Deed), continuing with said division line, to a point;

thence, N. 33 degrees 32' W., 348.5 feet (Deed), continuing with said division line, to a point in the common corner to William J. Rollins, A. Glenn, and the West Virginia Department of Highways;

thence, N. 63 degrees 12' E., 200 feet (Deed), continuing with the division line between A. Glenn and the West Virginia Department of Highways, to a point in a locust post;

thence, N. 59 degrees 30' E., 441 feet (Deed), continuing with said division line to the place of beginning and containing 4.30 acres, more or less.

Being the same real estate conveyed by West Virginia Department of Highways, a corporation, to the Mason County Public Service District by deed dated the 10th day of August, 1979, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 257, Page 197.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS.
None

LEASES:
None.

RESERVATIONS:

There is excepted and reserved all coal, oil and gas under the herein described tract or parcel of land.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
4.30 Acres ORB
Mason County Public Service District
Land Assessment: $ 13,980.00
Building Assessment: $ 2,040.00
Natural Resources $ 50.00
Total Assessment: $ 16,070.00
Class 3' taxes none due to non-taxability
Tax Map No. 247, Parcel 97.2
Assessor's Account No. 6803729

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.028 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cooper District, Mason County, West Virginia, and being more particularly bounded and described as follows, to-wit:

Beginning at a point on the northerly right of way line of County Route 22 (30' right of way), said-point bears N-07°03'-W, 678.43' from a ½" rebar found. Said rebar being a common corner to the land now or formerly owned by Thomas Wilson, III (Deed Book 343 Page 422) and a common corner to the land of Donald Peck, Steve Peck & Richard Hutzler (Deed Book 324 page 237)

Thence leaving said road and creating (3) nwe division lines through the land of said Peck and Hutzler as follows:

1) N-89°26"-W, passing a ½" iron rebar with plastic cap set at 5.28', a total distances of 42.97' to a iron ½ iron rebar with plastic cap set.

2) N-00°34'-E, 30.00' to a ½" iron rebar with plastic cap set.

3) S-89°26'-E, passing a ½" rebar with plastic cap set at 35.11' , atotal distance of 40.00' to a point on the northerly right of way line of the above mentioned County Route 22.

Thence with the northerly right of way line said road the following (2) bearings and distances:

1) S-05°04'-W, 9.72' to a point.

2) S-09°32'-E, 21.09' to the point of beginng.

Containing 0.028 acres and being shown on that certain plat made as a result of a survey by Point Surveying and Mapping, Route 1, Box 495, Cottageville, W. V. 25239. A copy of said plat, dated 27 March, 2003, is attached hereto and made a part of this description.

And being the same real estate conveyed to Mason County Public Service District by deed dated the ____ day of April, 2003, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 369, page 123.

DEED OF TRUST AND MORTGAGES.
None

RIGHT OF WAYS AND EASEMENTS:

1. In a document recorded in the aforesaid Clerk's office on the 23rd day of September, 1981, in Deed Book 265, Page 613, the grantors therein gave consent and easement for Deep Well Production of Oil & Gas to Union Drilling, Inc., assignee of Cyclops Corporation.

None.

LEASES:

1. A lease document recorded October 18, 1975, was executed to Cyclops Corporation on 366.70 acres for the production of oil and gas for a primary term or five years and for so long thereafter as oil or gas were produced in paying quantities; said document being of record in the aforesaid Clerk's office in Lease Book 40, Page239 and 249.

RESERVATIONS:

1. In a deed recorded in the aforesaid Clerk's office on the 30th day of July, 1965, in Deed Book 317, Page 723, the grantors therein reserved right of way, right of way, and cemetary

2. In a deed recorded in the aforesaid Clerk's office on the 29th day of July, 1993, in Deed Book 317, Page 723, the grantors therein reserved all of minerals and made the conveyance subject easements, restrictions, reservations and conditions affecting the property as reflected in records or visible on the ground.

3. In a deed recorded in the aforesaid Clerk's office on the 7th day of November, 1994, in Deed Book 324, Page 237, the grantors therein reserved a right of way over exsiting right of way and over a road situate on said property.

DEFECTS:

None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed follows:

Cooper District; .028 Acre
Mason County Public Service District
Land Assessment: $240.00
Building Assessment: $720.00
Total Assessment: $ 960.00
Class III; taxes non due to non-taxability
Tax Map 346 Parcel 32
Assessor's Account No. 6177243

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.17 Acre ORB, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to May 20, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005, 2010 O.A P.A of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005, 2010 O.A.P.A. of $238.000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cooper District, Mason County, West Virginia, and bounded and described as follows, to-wit:

Beginning at a point on the Northern edge of County Route 62/17, at the common corner between Marvin L. Flowers, recorded in Deed Book 256, at page 307, and Catherine M. Rollins, recorded in Estate Book 14, page 292, from which a utility pole found at the Eastern corner to said Flowers bears N. 61 degrees 40' E. at 659.23 feet, thence running with said Route 62/17 and said Rollins S. 61 degrees 34' W. 79.81 feet to a point, from which a 3-way fence corner found at this Southwestern corner of said Rollins bears S. 61 degrees 34' W. at 1383.68 feet; thence leaving said Route 62/17 and running through and across said Rollins from which this conveyance is a part of N. 28 degrees 34' W. at 9.49 feet crossing a 5/8 inch rebar with plastic cap set on the Northern right of way line of said Route 62/17, in all a total distance of 64.95 feet to a 5/8 inch rebar with plastic cap set; thence N. 08 degrees 23' E. 49.88 feet to a 5/8 rebar with plastic cap set; thence N. 54 degrees 22' E. 38.96 feet to a 5/8 inch rebar with plastic cap set in the line of the Mason County Public Service, District, recorded in Deed Book 257, at page 197, from which a concrete monument found at the common corner between said Mason County Public Service District and said Rollins bears N. 35 degrees 38' W. at 297.86 feet; thence with said Mason County Public Service District S. 35 degrees 38' E. 50.19 feet to a concrete monument found at the common corner between said Mason County Public Service District and said Flowers; thence S. 33 degrees 19' E. at 50.20 feet crossing 3/4 inch pipe found on the Northern right of way line of said Route 62/17, in all a total distance of 60.20 feet to the point of beginning, containing 0.17 acres, more or less, as shown on a plat of survey by Potesta and Associates, Inc., entitled "PLAT OF SURVEY FOR MASON COUNTY PUBLIC SERVICE DISTRICT SITUATION THE WATERS OF THE OHIO RIVER, COOPER DISTRICT, MASON COUNTY, WEST VIRGINIA, SCALE: 1" =100' , DATE: JANUARY 10, 2007" , said plat is attached hereto and made a part of this description.

Being a part of the same real estate conveyed by W. J. Rollins and Elizabeth Rollins his wife, to Kenneth O. Rollins and Catherine M. Rollins, with rights of survivorship, by deed dated the 16th day of April, 1958, and of recorded in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 169, page 304. The said Kenneth O. Rollins is deceased, leaving the said Catherine M. Rollins as the sole surviving owner of said real estate.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed follows:

Cooper District; 0.0143 Acre
Mason County Public Service District
Land Assessment: $ 240.00
Building Assessment: $
Total Assessment: $ 240.00
Class III; taxes non due to non-taxability
Assessor's Account No.

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0689 Acre OT, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to May 20, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A _____, _____, at _____ a.m. and is recorded in N/A _____
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds. Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cooper District, Mason County, West Virginia, and bounded and described as follows, to-wit:

A parcel of land located near Bear Wallow Ridge Road- County Route # 26/4 approximately 3000 feet south, along said route, from its intersection with West Virginia State Route # 2 situated in the District of Cooper, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a 5/8" dia. x 30" long steel pin set at the northeasterly most corner of the parcel herein described, a common corner to a 0.2296 acre tract of The Mason County Public Service District (DB #263, P #297) and land of the grantor. Said pin bears N 85 20-53.5 W 100.00' from a 5/8" dia steel pin found at the northeasterly most corner of the 0.2296 acre tract, a common corner to the grantor.

Thence from said point of beginning, with the westerly line of the said 0.2296 acre tract, a common boundary of the grantor, S 04-39-06.5 W 100.00' to a 5/8" dia. steel pin set at the southwesterly most corner of the 0.2296 acre tract of the MCPSD; Thence, leaving the common line of the 0.2296 acre tract and the grantor, making new division lines N 85-20-53.5 W 30.00' to a 5/8" dia. steel pin set; Thence, N 04-39-06.5 E 100.00' to a 5/8" dia. steel pin set; Thence, S 85-20-53.5 E 30.00' to the place of beginning, containing 0.0689 acres, more or less, as shown on a plat attached hereto and made a part of this description, as surveyed in June of 2006, by Cerrone Associates, Inc. of Wheeling, West Virginia.

And being a part of the same real estate conveyed to Howard DeVault and Esta DeVault, his wife, by Shelley O. Hart, bachelor, by deed bearing date the 26th day of February, 1924, and of record in the aforesaid Clerk's Office in Deed Book 99, at Page 395.

Howard DeVault died on February 13, 1976, and devised the subject real estate to his wife, Esta Elner DeVault, by his Last Will and Testament, duly probated and of record in the aforesaid Clerk's office in Will Book 14, at Page 478. And further being the same interest in real estate devised in equal shares to Lester Howard DeVault, Elizabeth Jane Durst, Thelma Louise Newberry, and Hazel Croley by the Last Will and Testament of Esta Elner DeVault, admitted to probate in Summit County, Ohio.

Hazel L. Croley and Bill Croley, her husband, conveyed her twenty-five per cent (25%) interest in said real estate to her mother, Elizabeth Jane Durst, by deed dated June 3, 1992, and being of record in the aforesaid Clerk's office in Deed Book 318 at Page 29.

Lester Howard DeVault and Flora Ann DeVault, his wife, conveyed his twenty-five per cent (25%) interest in said real estate to Lester DeVault, Jr. by deed dated August 26, 1992, and being of record in the aforesaid Clerk's office in Deed Book 313 at Page 421.

Thelma Newberry has since deceased and Roberta Dobbins and Robert Newberry are the heirs at law of Thelma Newberry, and are the owners of her twenty five per cent (25%) interest in the aforementioned real estate.

Elizabeth Jane Durst has since deceased and Keith Durst and Hazel Croley are the heirs at law of Elizabeth Jane Durst and are the owners of her fifty percent (50%) interest in the aforementioned real estate.

And being the same real estate conveyed to the Mason County Public Service District by deed dated the 10th day of June, 2008, and being of record in the office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 392 at page 84.

Subject to the exceptions, restrictions, reservations, rights of way, and mineral reservations of record which may affect the subject property.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed follows:

Cooper District; 0.0143 Acre
Mason County Public Service District
Land Assessment: $ 480.00
Building Assessment: $
Total Assessment: $ 480.00
Class III; taxes non due to non-taxability

Assessor's Account No.

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.23 Acre Little Broad Run, Graham District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
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Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
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Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Graham District, Mason County, West Virginia, as follows to-wit:

Beginning at a ½ inch rebar with plastic cap marking a corner common to the lands herein conveyed and remaining lands of Grantors; thence, leaving said point of Beginning and running with new lines through lands of the Grantors N 58° 10' E 100.00 feet to a ½ inch rebar with plastic cap; thence, S 31° 50' E 100.00 feet to a ½ inch rebar with plastic cap; thence, S 58° 10' W 100.00 feet to a ½ inch rebar with plastic cap; thence, N 31° 50' W 100.00 feet to the point of BEGINNING, containing 0.23 acre, all as shown on a plat dated September 27, 1994, signed by Delbert F. Bratcher, West Virginia Professional Surveyor No. 867, a copy of which plat is attached hereto as a part hereof.

Access Easement

AND FOR THE SAME CONSIDERATION, the Grantors, with respect to their respective in the property hereafter described, do hereby grant, convey and donate unto the Grantee a non-exclusive right of way for ingress and egress to and from the above described 0.23 acre parcel, said easement being 20 feet in width and being more particularly described as follows to-wit:

Beginning at a point in the approximate center of West Virginian Secondary Route No. 9, said point being at the intersection of said Secondary Route with the projected centerline of the herein described 20 feet wide acres right of way

Thence leaving said centerline and forming the centerline of the herein described 20 feet wide right of way, S-42° 54' - E for a distance of 26.52 feet to a point in the common division line of lands currently owned by Appalachian Power Company and Ohio Power Company (Deed Book 270, Page 714) and lands currently owned by Eldon Roush (Deed Book 307, page 456). Said point bears N-19° 33' 15" - W, a distances of 137.05 feet along said common division line from a car axle found at the southern most corner of said Roush.

Thence leaving said division line and continuing along the center of that portion of said 20 foot wide right of way which passes through the lands of said Roush for the following two (2) bearings and distances:

1. S-42° 54' - E, 42.14 feet to a point;

2. S-60° 08' - E, 72.07 feet to a point, said point being at the intersection of said centerline with another common division line of said Appalachian Power

Company and Ohio Power Company (Deed Book 263, page 474) and said Roush.

Thence continuing along the center of said 20 foot wide right of way and passing through the lands of said Appalachian Power Company and Ohio Power Company for the following four (4) bearings and distances:

1. S-60° 08' -E, 25.84 feet to a point;
2. S-85° 21' -E, 44.82 feet to a point;
3. N-50° 43' -E, 226.48 feet to a point;
4. N-53° 59' -E, 353.53 feet to a point.

Being a 20 foot wide access right of way through the lands of Appalachian Power Company and Ohio Power Company and lands of Eldon Roush to be used for the purpose of ingress and egress to and from the above-described 0.23 acre parcel, to said West Virginia Secondary Route No. 9.

Waterline Easement

AND FOR THE SAME CONSIDERATION, the Grantors, with respect to their interest in the property hereafter described, do hereby grant and donate unto the Grantee a non-exclusive right of way and easement for a water line from the above-described 0.23 acre parcel, said easement being 20 feet in width, BEGINNING at the last mentioned point in the above described access easement; thence running N-23° 43'-W, 106.54 feet to a point and N-13° 40/ -W 181.53 feet to a point in the common division line of said Appalachian Power Company and Ohio Power Company and said Roush.

The herein described 20 foot wide access right of way and water line right of way are shown together with the aforementioned 0.23 acre parcel upon that certain plat made as the result of a survey by Delbert F. Bratcher, West Virginia Professional Surveyor No. 867, Point Surveying and Mapping, Millwood, WV. A copy of said plat dated September 27, 1994, is attached hereto and incorporated herein by this reference, Reference being hereby made for a more accurate description of said 0.23 acre parcel and said 20 foot wide rights of way.

Said 0.23 acre parcel and said rights of way are a part of the same real estate of which a 41/703 interest was conveyed by Appalachian Power Company, a Virginia corporation, to Ohio Power Company, an Ohio corporation by deed dated March 3, 1983 and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 270, page 714, in which deed Appalachian Power Company retained a 662/703 interest in property it acquired from George Wilson Oliver by deed dated August 8, 1969 of record in said Clerk's Office in Deed Book 215, page 14.

Also being a part of the same real estate conveyed by Central Coal Company, a West Virginia corporation and Ohio Power Company, an Ohio corporation, by deed dated

February 12, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 263, page 474.

Being the same real estate conveyed by Appalachian Power Company and Ohio Power Company to the Mason County Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 348, Page 115.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAY AND EASEMENT:

LEASES:
None

RESERVATIONS:

Saving and excepting all coal, oil and gas underlying said tract of land herein described with the necessary rights and privileges incident to mining and drilling for the same.

DEFECTS:
None

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Graham District
0.23 Acre Little Broad Run
Mason County Public Service District
Land Assessment: $ 540.00
Building Assessment: $ 59,460.00
Total Assessment: $ 60,010.00
Class 3: taxes none due to non-taxability
Tax Map No. 167, Parcel 85
Assessor's Account No. 6159473

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1 This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is foe the benefit of and is subject to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corruption or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.01 Acre Broad Run, Graham District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Stree
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A tract, parcel or lot of land situate on the East side of Rte. 3, South off intersection of Rte. 3/3, Graham District, Tax Map 186, Mason County, West Virginia, about 10 miles N. E. of Point Pleasant, more particularly described as follows: Beginning on a set surveyor mon. a East of R/W of Rte. 3, a S. W. corner to Lyle McCormick land, a N. W. corner to Joseph Kay Jr. land, witness 216' along the West line of McCormick land, Southerly from a found railroad spike set for a S. W. corner of parcel cut from McCormick land, witness 535' Southerly from center of intersection at Rte. 3/3, witness 583.33' Southerly from a corner on North side of Rte. 3/3; thence N. 69 degrees 04' E. 25' South line of McCormick to set surveyor mon; thence S. 20 degrees 56' E. 25' subdividing lands of Joseph Kay Jr. to set surveyor mon.; thence S. 69 degrees 04' W. 25' subdividing lands of Kay to set surveyor mon; thence N. 20 degrees 56' W. 25' to the beginning. Containing 625 S. F. or 0.01 Acre, more or less, as surveyed by Dallas Lovejoy L. L. S. 193, Milton, West Virginia, also Access easement from Rte. 3, R/W to lot being conveyed, and shown on a map titled PROPERTY SUBDIVISION OF JOSEPH A. KAY JR. FOR MASON COUNTY PUBLIC SERVICE DISTRICT, dated 6-21-88.

Subject to R/W and easement.

Being the same real estate conveyed by Joseph A. Kay Jr., single, to the Mason County Public Service District by corrective deed dated the 1st day of August, 1988, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 294, Page 524.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAY AND EASEMENT:

1. A right of way dated the 24th day of March, 1980, executed by Joseph A. Kay Jr., single, to Anchor Hocing Corporation, of record in said Clerk's Office in Deed Book 259, Page 508.

The aforesaid right of way was assigned on the 1st day of December, 1985, to Petro-Go, Inc., said assignment of record in said Clerk's Office in Deed Book 282, Page 97.

2. A right of way dated the 13th day of April, 1983, executed by Joseph A. Kay Jr., single, to West Virginia Telephone Company, of record in said Clerk's Office in Deed Book 271, Page 597.

3. A right of way dated the 29th day of May, 1984, executed by Joseph A. Kay Jr., single, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 276, Page 63.

LEASES:
None

RESERVATIONS:

Saving and excepting all coal, oil and gas underlying said tract of land herein described with the necessary rights and privileges incident to mining and drilling for the same.

DEFECTS:
None

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Graham District
0.01 Acre, Broad Run
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ 240.00
Total Assessment: $ 360.00
Class 3: taxes none due to non-taxability
Tax Map No. 186, Parcel 17.1
Assessor's Account No. 6817411

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1 This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is foe the benefit of and is subject to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corruption or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.2296 Acre Broad Run, Graham District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated approximately 1/4 mile West-Southwest of the intersection of County Route 3 and secondary County Route 9/4 in the district of Graham, County of Mason, State of West Virginia, and being more particularly described as follows: Beginning at a 5/7" x30" steel bar set so as to bear N. 55 degrees 10' 09" W 469.19' from the Southeast corner of the grantor herein, common corner with a 10 acre tract of Henry James Johnson (Will Book 16 Page 393) , and from which the South line said grantor was determined to bear N. 69 degrees 11'35" W; thence , from said point of beginning, and making all new division lines with grantor herein, N 89 degrees 42' 25" W 100.00' to a 5/8 steel bar; thence N. 0 degrees 17' 35" E. 100.00' to a 5/8" steel bar; thence, S 89 degrees 42' 25" E. 100.00' to a 5/8" steel bar; thence, S O degrees 17' 35" W. 100.00' to the place of beginning, containing o.2296 acres, more or less, as shown on a survey by Cerrone & Vaughn Inc. Engineers, Wheeling, Wv, dated October 19, 1984.

There is also hereby conveyed a right-of-way and easement for a water line, power line and vehicular access, which said right-of-way and easement is described as follows: A 20' wide permanent easement, across and through the lands of the grantor herein, the centerline of which is described as follows: Beginning at a stake on the South line of the tank site described above located N. 89 degrees 42' 25" W 47.61 from the Southeast corner of said site; thence, from said point of beginning, S 9 degrees 39' 16" E.112.54' to a point on the South line of the grantor herein located N69 degrees 11' 35" W 442.75' from the Southeast corner of said grantor.

Being the same real estate conveyed by Paul B. Blizzard and Nellewood Blizzard, his wife, to the Mason County Public Service District by deed dated the 29th day of November, 1984, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 277, Page 686.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENT:

1. A right of way dated the 18th day May, 1971, executed by Raymond Barnett and Lorane Barnett, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 222, Page 474.

LEASES:
None

RESERVATIONS:
None

DEFECTS:
None

TAXES:

The 2009 estate taxes are non-taxable. Said real east is assessed as follows:

Graham District
0.2296 acre
Mason County Public District
Land Assessment" $ 180.00
Mineral Assessment $ 10.00
Building Assessment: $ --
Total Assessment : $ 190.00
Class 3; taxes none due to non-taxability
Tax Map No. 166, Parcel 83
Assessor's Account No. 6810141

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charger made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.01 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A tract, parcel or lot of land situate on the Waters of Clay Lick of 18 Mile Creek, Hannan District, Mason County, Ashton, West Virginia, Tax Map 543 Parcel 10 P/O, on North side of Zid Camp Road, Rte. 41/12, just West of intersection, more particularly described as follows:
Beginning on a set surveyor monument, witness N. 43 degrees E. 32.5' from S.E. corner of Bridge, a common corner to Deed 231/528 Parcel 8, and Ronald M. and Darlena A. Long Deed 222/441 Tax Parcel 11, and witness 15' North of center of Rte. 41/12; thence N. 1 degrees 30' W. 25' to a set surveyor monument. Thence N. 88-1/2 degrees E. 25' subdividing the lands of Lawrence E. and Goldie Powell to a set surveyor monument. Thence S. 1 degree 30' E. 25' to a set surveyor monument witness 15' North of center of Rte. 41/12. Thence S. 88-1/2 degrees W. 25' with North right of way of Zid Camp Road, Rte. 41/12, to the beginning. Containing 625 S.F. or 0.01 Acre, more or less, as surveyed by Dallas Lovejoy L.L.S. 193, Milton, West Virginia, and show on a map title PROPERTY SUBDIVISION OF LAWRENCE E. AND GOLDIE POWELL FOR MASON COUNTY PUBLIC SERVICE DISTRICT, DATED 2-28-89.
Subject to rights of ways and easements

Being the same real estate conveyed by Lawrence E. Powell and Goldie Powell, his wife, to the Mason County Public Service District by deed dated the 29th day of March, 1989, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 298, Page 72.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 7th day of November, 1987, executed by Lawrence Powell and Goldie Powell, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 294, Page 522.

2. A right of way dated the 23rd day of August, 1988, executed by Lawrence Powell and Goldie Powell, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 295, Page 17.

4. A right of way dated the 7th day of November, 1987, executed by Lawrence Powell and Goldie Powell, his wife, to Mason County PUblic Service District, of record in said Clerk's Office in Deed Book 295, Page 19.

5. A right of way dated the 6th day of September, 1985, executed by Lawrence Powell and Goldie Powell, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 296, Page 645.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:

An out conveyance dated the 18th day of August, 1960, executed by J.C. Griffis to the State Road Commission of West Virginia, conveying 1.78 acre and 0.32 acre, for road purposes, of record in said Clerk's Office in Deed Book 179, Page 530, which may or may not affect the subject real estate.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hannan District
0.01 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 360
Total Assessment: $ 420.00
Class 3; taxes none due to non-taxability
Tax Map No. 543, Parcel 10.1
Assessor's Account No. 6818606

The 2010 real estate taxes became a lien as of July 1, 200; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any PUblic Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.02295 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

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Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A tract of land situate on the waters of Sixteen Mile Creek, a tributary of the Ohio River, 1,700 feet North of Jerry's Run Road Route 37, on West side of Moores Road Route 54, in Hannan District, Mason County, West Virginia, more particularly described as follows:

Beginning, on a set I.P. in proposed 20 foot water line and access road easement, from Moores Road Route 54, witness N. 13 degrees 11' W. 50 feet to a Northeast corner of existing tract in Deed Book 283, Page 547; thence N. 13 degrees 11'W. 100 feet to a set I.P.; thence N. 76 degrees 49' E. 100 feet to a set I.P.; thence S. 13 degrees 11' E. 100 feet to a set I.P.; thence S. 76 degrees 49' W. 100 feet to the beginning, containing 0.2295 Acres, more or less, as surveyed by Dallas Lovejoy L.L.S. 193, Milton, West Virginia, as shown on a plat entitled "Property Subdivision of Ronald S. and Sharon M. Payne, for Mason County Public Service District." Dated 8-23-89.

Also, a 20 foot water line utility and access roadway easement, described as follows:

Beginning, on an I.P. set in center of the above tract; thence 27 degrees 05' W. 131.01 feet to a set I.P. on South line of existing tract in Deed Book 283, Page 547, witness 49 feet Easterly of an I.P. in existing 20 foot easement; thence S. 12 degrees E. 101 feet with center of 20 foot easement; thence S. 12 degrees E. 101 feet with center of 20 foot easement to I.P.; thence S. 2 degrees 41' W. 137.67 feet with center of a 20 foot easement, to West R/W Moores Road Route 54, a set I.P.; thence S. 8 degrees W. 22 feet to an I.P. on existing easement on road, containing 0.15 Acre, more or less, as surveyed by Dallas Lovejoy L.L.S. 193, Milton, West Virginia, and shown on a plat entitled "Property Subdivision of Ronald S. and Sharon M. Payne, for Mason County Public Service District, Dated
8-23-89."

There is expressly excepted and reserved from said real estate an undivided one-half (1/2) interest in and to all of the coal, oil, gas and other minerals in and underlying said real estate, the same having been reserved in prior deeds.

Being the same real estate conveyed by Ronald S. Payne and Sharon M. Payne, his wife, to the Mason County Public Service District by deed dated the 27th day of September, 1989, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 327, Page 10.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 22nd day of November, 1988, executed by Ronald S. Payne and Sharon M. Payne, his wife, to Appalachian Power Company, or record in said Clerk's Office in Deed Book 296, Page 525.

2. A right of way dated the 29th day of August, 1991, executed by Ronald S. Payne and Sharon M. Payne, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 309, Page 105.

LEASES:
None.

RESERVATIONS:

1. There is expressly excepted and reserved an undivided one-half (1/2) interest to all coal, oil, gas and other minerals in and underlying said real estate.

2. There is excepted and reserved in the operation of this conveyance a parcel of real estate containing 0.2295 acre, as well as a 20 foot wide access and utility easement conveyed by Citizens National, a Division of the First Huntington National Bank, to Mason County Public Service District by deed dated the 3rd day of March, 1986, of record in said Clerk's Office in Deed Book 283, Page 547.

3. Please be advised that the aforesaid exception was shown upon a deed dated the 14th day of October, 1988, by and between Ernest Cook and Carolyn Cook, his wife, and Ronald S. Payne and Sharon M. Payne, his wife, of record in said Clerk's Office in Deed Book 295, Page 455.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hannan District
0.2295 Acre ORH
Mason County Public Service District
Land Assessment: $1260.00
Building Assessment: $ 36,540.00
Total Assessment: $ 37, 800.00
Class 3; taxes none due to non-taxability
Tax Map No. 482, Parcel 26
Assessor's Account No. 6067236

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon by United States Department of Agriculture, and is to be relied upon by no other person , company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.04 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a point on the Northerly edge of a public road known as secondary route 41/3 said point being a common corner to real estate acquired by Walter S. and Patricia Tomlinson, in Deed Book 252, at Page 578, and a tract acquired by Walter S. and Patricia Tomlinson, in Deed Book 291, at Page 633; thence, with the division line of said Tomlinson tracts N. 1 degree 11' E. 183.67 feet to an iron pin; thence N. 5 degrees 33' E. 40 feet to an iron pin; thence S. 84 degrees 27' E. 40 feet to an iron pin; thence S. 5 degrees 33' W. 40 feet to an iron pin; thence, N. 84 degrees 27' W. 40 feet to the true place of beginning, estimated to contain 1,600 square feet.

There is also conveyed unto the grantee herein a right of way and easement extending from the public road known as 41/3 and at the point of beginning of the above described parcel; thence N. 1 degree 11' E. 183.67 feet, said right of way and easement to be sufficient in Width to allow the passage of a vehicle if necessary. Said right of way and easement is for the purpose of egress and ingress to and from the above described premises upon which the grantee herein proposes to build a water booster station.

Being the same real estate conveyed by Walter S. Tomlinson and Patricia Tomlinson, his wife, to the Mason County Public Service District by deed dated the 9th day of June, 1994, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 322, Page 191.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 12th day of August, 1981, executed by Daniel P. Tomlinson to the Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 265, Page 365.

2. A right of way dated the 13th day of October, 1986, executed by Daniel P. Tomlinson to the Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 286, Page 594.

3. A right of way dated the 23rd day of July, 1988, executed by Walter S> Tomlinson and Patricia Tomlinson, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 294, Page 508.

4. A right of way dated the 2nd of May, 1988, executed by Walter S. Tomlinson and Patricia Tomlinson, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 294, Page 510.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commences on the subject real estate.

RESERVATIONS:

1. There is excepted and reserved a tract of 100 square rods conveyed to the Trustees of Ball's Chapel Church for burial purposes of A. L. Lancaster and G. M. Lancaster, by deed dated the 15th day of May, 1947, of record in said Clerk's Office in Deed Book 133, Page 432, which may or may not affect the subject real estate.

2. Subject to an oil and gas lease dated the 7th day of February, 1952, from A. L. Lancaster and G. M. Lancaster to the United Fuel Gas Company, and an extension thereof, dated the 18th day of January, 1956, both of record in said Clerk's Office in Lease Book 20, Page 395, and Lease Book 22, Page 447, which may or may not affect the subject real estate.

DEFECTS:

Please be advised that within the chain of title a deed dated the 8th day of December, 1987, of record in said Clerk's Office in Deed Book 291, Page 633, by and between Walter S. Tomlinson and Patricia Tomlinson, his wife, et al., and Walter S. Tomlinson and Patricia Tomlinson, the Notary acknowledged the signatures of the grantor and placed the date of January 30, 1987, on said acknowledgment when the deed was actually dated on December 8, 1987.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hanna District
0.04 Acre 0.18
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 523, Parcel 25.5
Assessor's Account No. 6043337

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey an visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.01 Acre, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate on the waters of Jerry Run, , Sixteen Mile Creek, a tributary of The Ohio River, on East side of Tabner Moore Road Rte. 54, 420' North of Jerry Run Road Rte. 37, Hannan District, Mason County, Apple Grove, West Virginia, more particularly described as follows: Beginning on a set surveyor monument, witness 19' East of center of Tabner Moore Road Rt. 54, a S.W. corner to Watterson land, a N.W. corner to J. Michael Ball land, line fence, witness, 5' North of Apco pole #969D34, a end pole witness 420' North of Jerry Run Road Rte. 37, witness 3,050' West of Iron Bridge over Sixteen Mile Creek, Jerry RUn Road, thence N. 6 degrees 26' E. 20' to a set surveyor monument on East side of Tabner Moore Road Rte. 54, witness 17.58' from center; thence S. 83 degrees 34' E. 20' subdividing the lands of James L. Watterson Jr. to a set surveyor monument; thence S. 6 degrees 26' W. 20' to a North property line fence of J. Michael Ball, a set surveyor monument; thence N. 83 degrees 34' W. 20' with Ball North line fence to the beginning, containing 400 S. F. or 0.011 acre, more or less, as surveyed by Dallas Lovejoy, L.L.S. 193, Milton, West Virginia, and shown on a map title PROPERTY SUVDIVISION OF JAMES L. WATTERSON, JR. FOR MASON COUNTY PUBLIC SERVICE DISTRICT, DATED 7-7-89.

Being the same real estate conveyed by James L. Watterson Jr. and Janice Watterson, his wife, to the Mason County Public Service District by deed dated the 15th day of September, 1989, of record in the Office of the Clerk of the COunty Commission of Mason County, West Virginia, in Deed Book No. 299, Page 735.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 3rd day of February, 1986, executed by James L. Watterson Jr. and Janice Watterson, his wife, to Mason COunty PUblic Service District, of record in said Clerk's Office in Deed Book 283, Page 431.

2. A right of way dated the 3rd day of February, 1986, executed by James L. Watterson Jr. and Janice Watterson, his wife, to Mason COunty Public Service District, of record in said Clerk's Office in Deed Book 283, Page 433.

3. A right of way dated the 3rd day of February, 1986, executed by James L. Watterson Jr. and Janice Watterson, his wife, to Mason COunty Public Service District, of record in said Clerk's Office in Deed Book 283, Page 439.

LEASES:

None.

RESERVATIONS:

1. There is excepted and reserved one half interest in and to all coal, oil, gas and other minerals.

2. Excepting and reserving two parcels of land containing 0.26 Acre and 388 square feet acquired by the State Road Commission, of record in said Clerk's Office in Deed Book 181, Page 131.

DEFECTS:
None.

TAXES:

The 20097 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hannan District
0.01 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 482, Parcel 3.5
Assessor's Account No. 6819482

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any PUblic Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.1309 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
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Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" dia. x. 30" long steel pin, set so as to bear, S 14 degrees 23' 53" W 387.85' from a point on the Southerly right-of-way (15' from the traveled centerline) of West Virginia Secondary County Route 90/4, at the Northeast corner of a one half acre (0.625 acre by computation) parcel belonging to Violet & Edgar L. Smith (Deed Book 289, Page 544), and from which, in turn, the Easterly line of said Smith as well as the Easterly line of the grantor herein was determined to bear S 45-55-18 E, passing the Southeast corner of said Smith land at a distance of 257.00' and continuing for a total distance of 2118.53' to a 30" dia. White Oak found at the Southeast corner of the grantor herein.

Thence, from sid point of beginning, and making all new division lines with the grantor herein, S 25-11-03 E 60.00' to a 5/8" dia. steel pin; Thence, S 64-48-57 W. 95.00' to a 5/8" steel pin; Thence, N. 25-11-03 W 60.00' to a 5/8" steel pin; Thence, N 64-48-57 E 95.00' to the place of beginning, containing 0.1309 acres, more or less.

Waterline Route Right-of-Way

A 15' wide permanent easement, with a temporary 30' construction width, the centerline of which is described as follows:

Beginning at a point on the North line of the tank site described above, located N 64-48-57 E 25.00' from a 5/8" steel pin set at the Northwest corner of said site.

Thence, from said point of beginning, and running through lands of the grantor herein, N 25-11-03 W 200.24' to a point on the Southerly right-of-way line of said Secondary County Route 90/4.

Vehicular Access Right-of-Way

A 20' permanent easement, with additional land as required for cuts and fuels during construction, the centerline of which is described as follows:

Beginning at a point on the East line of the tank site described above, locate S 25-11-03 E 30.00' from a 5/8" steel pin set at the Northeast corner of said site.

Thence, from said point of beginning, and running through lands of the grantor herein, N 74-48-41 E 135.83' to a stake; Thence, S 86-47-24 E 117.16' to a stake; Thence, S 68-43-21 E 49.55' to a stake; Thence, with a curve to the left having a radius of 33.00' for an arc distance of 100.27' to a point; Thence, N 62-48-57 W 147.21' to a point; Thence, N 54-57-26 W 271.20' to a point in the centerline of said Secondary County Route 90/4 as surveyed in June of 1992 by Cerrone &

Associates, Inc., Consulting Engineers, of Wheeling, W. Va. and being shown on a play and made a part of this description.

Being the same real estate conveyed by O'Dell Reynolds land Deloris Reynolds, his wife, to the Mason County Commission by deed dated the 6th day of July, 1992, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 313, Page 291, and further being the same real estate conveyed by the Mason County Commission to the Mason County Public Service District by deed dated June 14, 1996, and being of record in the office of the Clerk of the County Commission of Mason County, West Virginia in Deed Book 339 at page 182.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 11th day of June, 1981, executed by Wilmet O. Reynolds and Reba J. Reynolds, his wife, et al., to Appalachian Power Company, of record in said Clerk's Office in Deed Book 264, Page 727.

LEASES:
None.

RESERVATIONS:

Conveyance is subject to the provision that the subject property shall be used for water service purposes and in the event that said property should cease to be used for water service purposes for a continuous one (1) year period, then, in that event, the said property shall revert unto the grantors herein or their heirs. This reservation is found in Deed book 313, Page 291, by and between O'Dell and Delores Reynolds and the Mason County Commission.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hannan District
0.1309 Acre
Mason County Public Service District
Land Assessment: $ 480.00
Building Assessment: $ 120,000.00 --
Total Assessment: $120,480.00
Class III; taxes none due to non-taxability

Tax Map No. 624, Parcel 8.1
Assessor's Account No. 6826777

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
30' strip between Lots 8 & 9
Point Pleasant Corporation

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at the corner of Lot No. 15 of the Dr. H. A. Barbee Subdivision, the same being a corner to 2nd Street; thence, in a Westerly direction and with the Northerly lot lines of Lots Nos. 15, 14, 13, 12, 11, 10, and 9 of said Subdivision to the intersection of a 10 ft. alleyway; thence, in a Northerly direction and with the Easterly edge of the said 10 ft. alleyway approximately 30 feet to the corner of Lot No. 8 of the said H. A. Barbee Subdivision; thence, in an Easterly direction and with the line of Lot No. 8 of said Subdivision to a point on the Westerly edge of a public street known as 2nd Street; thence, in a Southerly direction 30 feet in width separating Lot No. 8 from Lots Nos. 9, 10, 11, 12, 13, 14, and 15 of the H. A. Barbee Subdivision, which was originally intended as a street.

Being the same real estate conveyed by Mildred R. Jackson, single, et al.,, to the Mason County Public Service District by quitclaim deed dated the 15th day of December, 1989, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 301, Page 231.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

None.

LEASES:

None.

RESERVATIONS:

None.

DEFECTS:

Please be advised that Gordon C. Jackson owned an interest in the subject real estate when he died on the 20th day of November, 1986. However, the appraisement filed in his estate does not list the subject real estate thereon. Also, no final settlement has been filed in his estate.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Point Pleasant Corporation
30 foot strip between Lots 8 and 9 Barbee S/D

Mason County Public Service District
Land Assessment: $ 7,200.00
Building Assessment: $ --
Total Assessment: $ 7,200.00
Class 4; taxes none due to non-taxability
Tax Map No. 7, Parcel 20.1
Assessor's Account No. 6822174

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
Lots 6-15 inc., less 30' strip between Lots 8 & 9
Point Pleasant Corporation

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

That certain tract of real estate situate, lying and being in the City of Point Pleasant, Mason County, West Virginia, and more particularly bounded and described as follows:

Being all those certain lots or parcels or real estate known, numbered and designated upon the play of Dr. H. A. Barbee's Subdivision in North Point Pleasant, which play is of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 92, Page 65, as Lots Nos. Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Thirteen (13), Fourteen (14) and Fifteen (15).

Being the same real estate conveyed by Point Industrial Park, Inc., a West Virginia corporation, to the Mason County Public Service District by deed dated the 9th day of February, 1990, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 301 Page 229.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of October, 1989, executed by Point Industrial Park, Inc., to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 300, Page 203.

LEASES:
None.

RESERVATIONS;

By deed dated the 15th day of May, 1984, or record in said Clerk's Office in Deed Book 275, Page 304, there is the following exception and reservation:

"Grantor excepts and reserves from this conveyance for K. O. G. Exploration, Inc., Point Pleasant, West Virginia, its successors and assigns, the right to use, operate, maintain and remove the gas metering station and piping leading thereto which station is now located upon the premises described above near the intersection of the Baltimore and Ohio Railroad right of way and the Camden Avenue and at the Northwest corner of the brick and block building upon the above described premises, with the further right of ingress and egress to the metering station for the aforesaid purposes; provided, however, that the party using said metering station shall prpotect and indemnify the Grantee against any loss arising out of such use; and further provided, that this reservation shall

expire upon the non-use of said metering station for a period of twenty for (24) consecutive months."

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Point Pleasant Corporation District
Lot 6 - 15 inc. less 30 foot strip between Lots 8 and 9 Barbee S/D
Mason County Public Service District
Land Assessment: $ 15,480.00
Building Assessment: $ 63,300.00
Total Assessment: 78,780.00
Class IV; taxes none due to non-taxability
Tax Map 7 Parcel 20
Assessor's Account No. 6142863

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.009 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a stake set in the Southerly corner of a 35 acre tract of Glenneth Wandling and Christine Wandling; thence with Sand Hill Road S. 89 degrees W. 20 feet to a stake; thence N. 1 degrees W. 20 feet to a stake; thence N. 89 degrees E. 20 feet to a stake; thence S. 1 degree E. to the point of beginning.

Being the same real estate conveyed by Glenneth Wandling and Christine Wandling, his wife, to the Mason County Public Service District by deed dated the 7th day of December, 1976, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 245, Page 496.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.009 Acre Crooked Creek 20 x 20
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ --
Total Assessment: $ 120.00
Class 3; taxes none due to non-taxability
Tax Map No. 243, Parcel 21.1
Assessor's Account No. 6701090

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.1176 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 1/2" dia. pipe found at the Westerly most corner of the 1.1 acre tract of Roger L. Clark as set by the 1974 survey of Pitthan & Starcher, Inc., and shown as an I.P. on an unrecorded play in the possession of said Clark; thence, from said point of beginning, and running with West property line along an old gravel road, N 41 degrees 54' E. 47.50' to a 5/8" dia. x 30" rebar, set by this survey; thence, making new division lines, S 15 degrees 28' E. 25.61' to a 5/8" dia. rebar set on the South line of the original tract; thence, with said South line and the North R/W of Sand Hill Road S 74 degrees 32' W. 40.00' to the point of beginning containing 512.2 sq. ft. (0.01176 Ac.), more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers and shown on a plat.

Being the same real estate conveyed by Roger Lane Clark and Twila J. Clark, his wife, to the Mason County Public Service District by deed dated the 6th day of September, 1977, or record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 248, Page 426.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None

LEASES:
None

RESERVATIONS:
None

DEFECTS:

Please be advised that the subject real estate is assessed in Robinson District. However, the deed to the subject real estate states that the same is within Lewis District.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
.01176 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 2,520.00

Total Assessment: $ 2,580.00
Class 3; taxes none due to non-taxability
Tax Map 243 Parcel 56.2
Assessor's Account No. 6800768

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.051 Acre Gibbs Fork, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. p.m. and is recorded in N/A (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

TRACT ONE:
Beginning at a stone at the Easterly corner of a 49 acre tract of John A. Hussell, thence; N. 35 degrees 30" E. 150 feet to a pin, thence S. 44 degrees E. 150 feet to a pin, thence S. 35 degrees 30" W. 150 feet to a pin, thence with the Southerly line of a 32 acre tract owned by John A. Hussell, N. 44 degrees W. 150 feet to the point of beginning.

TRACT TWO:
A 20' wide pipe line easement to lay, operate, maintain, repair and replace a water line and to install, operate, maintain, read, remove, repair and replace water meters across and through the lands of the Grantor herein; the centerline of which is described as follows:
Begining at a 5/8" dia. rebar set at the Northerly most corner of the tank site described above, thence, from said point of beginning N. 37 degrees 12' 25" W. 625.32 feet to a stake; thence, N. 24 degrees 28' 53" W. 166.29 feet to a point; thence, N. 29 degrees 06' 22" W. 119.13 feet to a point; thence, N. 40 degrees 15' 52" W. 203.44 feet to a stake which bears South S. 46 degrees 06' 28" W. 79.36 feet from the Southerly most corner of a lot which was conveyed by John Arnold and Sallie M. Hussell to Griffin W. and Iva C. Boggess by deed dated October 12, 1973, which is on record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 232, page 565; thence, running parallel with said lot's Southwest line, N. 43 degrees 22' 22" W. 190.28 feet to a stake on the Southeast right-of-way line on Sand Hill Road. In addition, there shall be an additional 10 foot easement on either side of the pipe line during construction of said pipe line.

TRACT THREE:
A 20 foot access easement is conveyed, beginning at a pint at the top of the first rise on Rayburn Road heading East from Sand Hill Road, and proceeding in a Southerly direction along the ridge line of the John A. Hussell property to the Mason County Public Service District parcel described above.

Being the same real estate conveyed by John Arnold Hussell and Sallie M. Hussell, his wife, to the Mason County Public Service District by corrective deed dated the 3rd day of November, 1978, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 254, Page 280.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.51 Ac. Gibbs Fork
Mason County Public Service District
Land Assessment: $ 120.00
Mineral Assessment: $10.00
Building Assessment: $ --
Total Assessment: $ 130.00
Class 3; taxes none due to non-taxability
Tax Map No. 244, Parcel 32.1
Assessor's Account No. 6701107

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
5974 Sq. Feet, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances,. reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

TRACT ONE - TANK SITE

Consisting of a tract of land to be used as a water tank site and described as follows:

Beginning at a point at the intersection of the northerly division line of the herein described 5,974 square feet parcel with the centerline of a 15' wide road right-of-way this day created through the lands of the Grantor; thence forming lines through and severing the lands of said Grantor for the following five (5) bearings and distances:

1) S. 52° 52' 50" E., 9.71' to a 1/2" iron rebar with plastic cap set;

2) S. 31° 41' 50" W., 98.25' to a 1/2" iron rebar with plastic set;

3) N. 79° 36' 20" W.,52.10' to a 1/2" iron rebar with cap set;

4) N. 26° 51' 10" E., 123.21' to a 1/2" iron rebar with plastic set;

5) S. 52° 52' 50" E., 49.51' to a point of beginning, and containing 5,974 square feet, all as shown as "Tank Site" upon a map entitled, "Plat Showing Survey of Tank Site, 20' Wide Permanent Easement and 15' Wide Road Right of Way owned by The State of West Virginia", dated September 16, 1995, by Point Surveying and Mapping Millwood, West Virginia, said map being recorded simultaneously herein in the Office of the Clerk of the County Commission of Mason County, West Virginia, on Map Slide 125 at page A

TRACT TWO - WATER LINE EASEMENT

Consisting of a permanent water line easement and maintenance easement. with the right to construct, install and lay, and thereafter use, operate, inspect, repair, maintain, replace and remove pipelines, meters and all necessary materials and parts to complete the water system being developed by or through the supervision of the Grantee, over across and through the land of the Grantor, situate in Mason County, West Virginia, and described as follows:

BEGINNING at an existing water valve found on the westerly side of a private road leading through the lands of the GRANTOR. Said valve bears S..87° 12' 10" W. from a point at the intersection of the centerline of West Virginia Secondary Route No. 8 with the centerline of a 15' wide road right-of-way this day created through the lands of the Grantor herein; thence crossing said private road and forming the centerline of a 20' wide permanent water line easement and also being the centerline of a 40' wide maintenance easement for the following six (6) bearings and distances:

1) S. 74° 32' 20" E., 449.16' to a point;
2) S. 76° 43' 50" E., 541.64' to a point;
3) S. 77° 14' 10" E., 1027.66' to a point;
4) S. 85° 26' 30" E., 653.60' to a point;
5) N. 76° 14' 30" E., 419.81' to a point;
6) S. 80° 16' 50" E., 632.82' to a point, said point being at the intersection of an existing buried water line with the westerly division line of a 5,974 square foot parcel this day created from the lands of the Grantor herein for the purpose of installation of a water storage tank. The Location of the above-described easement is shown upon that certain plat made as the result of a survey by Point Surveying and Mapping, Millwood, West Virginia, all as shown upon the aforesaid map dated September 16, 1995, of record in the aforesaid Clerk's Office.

TRACT THREE - ROAD RIGHT-OF-WAY

Consisting of a permanent road right -of-way described as follows:

BEGINNING at a point in the approximate center of West Virginia Secondary Route No. 8. Said point bears S. 76° 58' 10" E. a distances of 3153.72' from the i intersection of said road centerline with the approximate center of West Virginia Route, No. 62; thence from said beginning point, leaving said Route No. 8 and forming the centerline of a 15' wide road right-of-way this day created leading through the lands of the Grantor herein for the following twenty-nine (29) bearing and distances:

1) N. 13° 09' 20" E., 728.69' to a point;
2) N. 09° 23' 20" W., 33.35' to a point;
3) N. 39° 47' 00" W., 27.52' to a point;
4) S. 77° 12' 40" E., 256.79' to a point;
5) S. 73° 34'00" E., 253.19' to a point;
6) N. 58° 39' 00" W., 35.49' to a point;
7) N. 31° 03' 30" W., 22.42' to a point;
8) N. 15° 35' 10" W., 145.59' to a point;
9) N. 22° 54' 00" W., 120.52' to a point;
10) N. 49° 49' 50" W., 59.79' to a point;
11) S. 68° 53' 40" E., 254.60' to a point;
12) N. 74° 55' 40" W., 248.84' to a point;
13) N. 67° 44' 20" W., 126.08' to a point;
14) S. 76° 23' 20" E., 212.79' to a point;
15) N. 57° 05' 40"., 188.33' to a point;
16) N. 45° 31' 30" W., 84.88' to a point·
17) N. 69° 29' 40" W., 106.82' to a point;
18) N. 82° 26' 30" W., 1117.82' to a point;
19) S. 82° 15' 20" W., 75.10' to a point;
20) S. 11° 47' 00" W., 63.68' to a point;
21) S. 00° 03' 20" W., 285.98' to a point;

22) S. 13° 59' 50" W., 207.74' to a point;
23) S. 30° 11' 50" W., 284.47' to a point;
24) S. 14° 56' 10" W., 144.25' to a point;
25) S. 26° 44' 20" E., 217.64' to a point;
26) S. 65° 31' 50" E., 149.50' to a point;
27) N. 78° 46' 30" E., 33.83' to a point;
28) N. 55° 08' 10" E., 37.06' to a point;
29) N. 39° 00" E., 82.57' to a point; said point being in the northerly division line of a 5,974 square foot parcel this day created from the lands of the Grantor herein for the purpose of installation of a water storage tank. The location of the above-described 15' wide road right-of-way is shown upon that certain plat made as the result of a survey by Point Surveying and Mapping, Millwood, West Virginia, all as shown upon the aforesaid map dated September 16, 1995.

Being the same real-estate conveyed by The West Virginia Department of Agriculture to the Mason County Public Service District by deed dated 4th day of January, 1996, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 331, Page 720.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of July, 1990, executed by West Virginia Board of Control to Appalachian Power Company, of record in said Clerk's Office in Deed Book 305, Page 33.

2. A right of way dated the 10th day of August, 1993, executed by the West Virginia Farm Management Commission to Mason County Public Service District , of record in said Clerk's Office in Deed Book 318, page 246.

3. A right of way dated the 10th day of August, 1993, executed by the West Virginia Farm Management Commission to Mason County Public Service District, of record in said Clerk's Office in Deed Book 318, page 540.

LEASES:
None

RESERVATIONS:

Subject to the exceptions and reservations as shown upon a deed dated the 4th day of January, 1996, of record in said Clerk's Office in Deed Book 331, page 720.

Also be advised that the subject real estate conveyed by the aforesaid deed in Deed Book 331, page 720, conveys the surface only in the subject property.

DEFECTS:
None

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.137 Acre Lakin
Mason County Public Service District
Land Assessment: $ 1,500.00
Building Assessment: $ 114,00.00
Total Assessment : $ 115,500.00
Class 3; taxes none due to non-taxability
Tax Map No. 164, Parcel 23
Assessor's Account No. 6092845

The 2010 real estate became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.230 Acre Ten Mile, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE.

Situate in Robinson District, Mason County, West Virginia, and bounded and described as follows, to-wit:

A parcel of land situated North of Potters Creek Road (C.R. #11) and West ov Peniel Road (C.R. #7) approximately 1500' Northwest of the intersection of C.R. #11 and C. R. #7 being located in the District of Robinson, County of Mason, State of West Virginia, and being more particularly described as follows: Beginning at a 5/8" dia. x 30" long steel pin set at the Northerly most corner of the parcel herein described. said pin being located on the common line between the grantor and James M. Knapp and Carolyn S. Knapp (DB #231, P #699). Said pin was determined to bear S. 77-00-00 E. 838.57' from a stone found at the Northerly most corner (2nd described) of the parent tract, said stone also being a common corner (3rd described to the aforementioned Knapp); Thence, from said point of beginning and with the common line of the grantor and the aforementioned Knapp S. 77-00-00 E. 100.00' to a 5/8" dia. steel pin set; thence, leaving said common line of the grantor and Knapp, making new division lines with the grantor herein S. 13-00-00 W. 100.00' to a 5/8" dia. steel pin set; thence N. 77-00-00 W. 100.00' to as 5/8" dia. steel pin set; thence N. 13-00-00 E. 100.00' to the place of beginning, containing 0.230 acre, more or less, as shown on a plat as surveyed in October of 1995 by Cerrone & Associates, Inc., of Wheeling, W. Va.

Being the same real estate conveyed by Robert S. Mallette and Mary L. Mallette, his wife, to the Mason County Public Service District by deed dated the 16th day of April, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 336, Page 156.

DEED OF TRUST:

A deed of trust given by Lester William Jeffers and Loetta Jeffers, his wife, to R. W. Cunningham and Roscoe W. Brown, Trustees, dated the 9th day of November, 1964, of record in the aforesaid Clerk's Office in Trust Deed Book 138, Page 522, and given to secure a loan of $6,500.00 from the Administrator of Veterans Affairs.

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated May 19, 1947, executed by Furl Rogers and Mae Slinde Rogers, his wife, to Appalachian Electric Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 133, Page 232.

2. An Indenture dated April 21, 1953, executed by Furl Rogers and Mae Slinde Rogers to Appalachian Electric Power Company, conveying a 150' easement of record in said Clerk's Office in Deed Book 154, Page 33.

LEASES:
None.
RESERVATIONS:
There is excepted and reserved all of the coal in and underlying said real estate together with the mining rights and privileges.

DEFECTS:
None.

TAXES:

The 2009 assessment for said real estate is non-taxable. Said real estate is assessed as follows:

Robinson District
0.23 Acre Ten Mile
Mason County Public Service District
Land Assessment: $ 3480.00
Mineral Assessment: $
Building Assessment: $ --
Total Assessment: $ 3,480.00
Class 3; taxes are non-taxable
Tax Map No. 205, Parcel 5.2
Assessor's Account No. 6146593

Taxes for the year 2010 are a lien on the subject real estate as of July 1, 2009, but are not yet due and payable, and will be non-taxable.

NOTE:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.075 Acre, Robinson District
0.267 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Robinson District, Mason County, West Virginia, and being more particularly described as follows, to-wit:

TRACT 1

PARCEL NO. 1

A parcel of land containing 0.75 acre lying on the Northwesterly side of the railroad right of way of the Baltimore and Ohio railroad Company, in said Robinson District, Mason County, West Virginia, and more particularly bounded and described as follows: Beginning at an iron pin in the Northern boundary of the 60' wide Baltimore and Ohio Railroad Company right of way, said iron pin being N. 31° 22' W., 640.03' from a point in the Northwestern right of way of Route 62, which is 1293' in a Northwestern direction from a corner with the Pantasote Property; thence , with the Northern boundary of the Baltimore and Ohio railroad right of way S. 67° 44' W. 275.20 feet (chord distance) to an iron pin; thence, N. 30° 00' W., 87.75 feet leaving the said right of way to an iron pin; thence, N 30° 00' W., 42.91 feet to an iron pin; thence, N. 47° 44' E., 132.94 feet to an iron pin thence, S. 66° 05' E., 92.10 feet to an iron pin; thence, S. 66° 05' E., 150.35 feet to the Point of Beginning, containing an area of 0.75 Acre.

There is excepted and reserved from the conveyance of said parcel a permanent easement and right of way ten feet in width along the entire Southeasterly boundary of said parcel (adjacent to the right of way line of the Baltimore and Ohio Railroad Company) for surface and subsurface ingress and egress and for the installation, use, maintenance, removal, replacement and repair of a roadway, pipeline, electric lines and similar lines and facilities for the use and benefit of other lands owned by B. J. Builders, Inc., a corporation and E. B. Jones and Nedra W. Jones, his wife, their successors and assigns.

PARCEL NO. 2:

A permanent easement and right of way for surface and subsurface ingress and egress and for the installation, use, maintenance, removal, replacement and repair of a roadway and for pipelines for transmission of water between West Virginia State Route 62 and the right of way of the Baltimore and Ohio Railroad Company, said easement and right of way to be 30 feet wide for its entire length and lying immediately Westerly of the following designated line: Beginning at a point in the Northwestern right of way of West Virginia Route 62, said point being located 1293' in a Northeastern direction from a common corner with the Pantasote Property; thence N. 66° 10' W. 104.7 feet to a point; thence N. 43° 32" W., 525.2 feet to a point; thence, N. 22° 38' W., 3.0 feet to a point in the Southern right of way of the Baltimore and Ohio Railroad Company Property.

The District shall install, use, maintain, remove, replace and repair said roadway, pipelines, electric lines and similar lines and facilities over, across and under the

said easement and right of way. The said District is to maintain said roadway at a minimum width of 16 feet over and across said 30 foot right of way, is to properly grade, ditch and crown the same, and is to put limestone on said roadway at least 8 inches deep rolled or compressed; and is to maintain said roadway in a satisfactory manner that would not be obnoxious to the adjoining property.

The 0.75 acre parcel described under (1) above, and the easement for roadway and water lines described under (2) above, are shown on a plat entitled: "CAMP CONLEY PUBLIC SERVICE DISTRICT, MASON COUNTY, WEST VIRGINIA, ROBINSON DISTRICT PROPERTY FOR THE SEWAGE PLANT SITE AND AN EASEMENT FOR THE PLANT SITE ACCESS FROM B. J. BUILDERS, INC. PREPARED BY; J. H. MILAM, INC., CONSULTING ENGINEERS, Dunbar, West Va. January 14, 1977"

PARCEL NO. 3:

A permanent easement and right of way ten feet in width for the installation, use, maintenance, removal, replacement and repair of sewer liner from West Virginia State Route 62 and the Ohio River, the centerline of which said easement and right of way area is more particularly designated and described as follows: Beginning at a point in the Western right of way of W Va. Route 62, said point being located 1655' in a Northern direction from a corner with the Pantasote Property; thence N. 66° 05' W., 534.0 feet to an existing manhole; thence, containing N. 66° 05' W., 1025.0 feet to a point in the Eastern bank of the Ohio River, as shown on a plat entitled: "CAMP CONLEY PUBLIC SERVICE DISTRICT, MASON COUNTY, WEST VIRGINIA, ROBINSON DISTRICT EASEMENT FOR EXISTING 10" SEWERAGE PIPE from B. J. BUILDERS, INC. prepared by: J. H. Milam, Inc. Consulting Engineers, Dunbar, West Virginia, January 24 1977"

PARCEL NO. 4:

All of the right, title and interest of B. J. Builders, Inc. a corporation, and E. B. Jones and Nedra W. Jones, his wife, in any existing sewer line facilities now located within the easement and right of way area described under (3) above, to the extent that the said B. J. builders, Inc., a corporation and E. B. Jones and Nedra W. Jones his wife, have title in and to said property.

TRACT 2

All that certain lot, tract or parcel of land, situate, lying and being on the Waters of the Ohio River, in Robinson District, Mason County, West Virginia, bounded and described as follows: Beginning at a point 30' Northwest of the center of the B&O Railroad at a corner to the Camp Conley Public Service District lot; thence leaving the B&O Railroad and with a line of the P.S.D. lot N-62-16-W 153.2' to a point; thence leaving the P.S.D. lot and across the parent tract N-39-33-E 96.3' to an iron rod in an old fence line; thence with the same S-44-01-E 171.1' to an iron rod

set 30' Northwest of the center of B&O Railroad; thence with the same S-76-23-W 51.8' to the place of beginning, containing 0.267 acres more or less, and more fully described on a map prepared by Prine Land Surveying being a part of the deed and of record in said Clerk's Office in Book No. 333, Page No. 415

There is excepted and reserved from the conveyance of said parcel a permanent 25 foot easement and right of way along the entire Southerly boundary of said parcel (adjacent to the right of way line of the Baltimore and Ohio Railroad company) for surface and subsurface ingress and egress and for the installation, use, maintenance, removal, replacement and repair of a roadway, pipelines, electric lines and similar lines and facilities for the use and benefit of other lands owned by B. J. Builders, Inc., a corporation and E. B. Jones and Nedra W. Jones, his wife, their successors and assigns.

And being the same real estate conveyed to Mason County Public Service District, a public service district, by Camp Conley Public Service District, a public service district, by deed dated the 11th day of June, 1998, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 352, at Page 93, and further being the same real estate set forth in that certain corrective deed of record in said Clerk's office in Deed Book 357, Page 604.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2007 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.75 Acre Camp Conley
Mason County Public Service District
Land Assessment: $ 5,040.00
Mineral Assessment: $10.00

Building Assessment: $ 121,680.00
Total Assessment: $ 126,730.00
Class 3; taxes none due to non-taxability
Tax Map No. 222, Parcel 47
Assessor's Account No. 6064135

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

Robinson District
0.267 Acre Jones Land
Mason County Public Service District
Land Assessment: $ 3,540.00
Building Assessment: $ 13.860.00
Total Assessment: $ 17,400.00
Class 3; taxes none due to non-taxability
Tax Map No. 222, Parcel 48
Assessor's Account No. 6111968

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.049 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
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Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
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Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:
Situate in Robinson District, Mason County, West Virginia, and bounded and described as follows, to-wit:

A parcel of land situated along the Easterly side of Peniel Road (C.R. #7) approximately 0.16 mile North of the intersection of said Peniel Road with Sand Hill Road (C.R. #15) and located in the district of Robinson, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a point located in the center line of Peniel Road, said point being the North-west corner of the parcel herein described and the North-west corner (2nd described) of the parent tract, a common corner to lands of Barbara M. Lewis (DB #295, P#334). Said point was determined to bear S 86-30-00 W 623.34' from a 1/2" dia. iron pipe found in an old fence line, at the 3rd described corner of the parent tract, also a common corner to lands of the aforementioned Lewis.

Thence, from said point of beginning and with the 2nd described course of the grantor herein and the common line between the afore mentioned Lewis and the grantor N 86-30-00 E 55.44' to a 5/8" dia. X 30" long steel pin set, at 20.59' passing a 5/8" dia. steel pin set and at 20.92' passing N 03-30-00 W 0.23' of a 1/2" dia. iron pipe found bent over; thence, leaving the 2nd described course of and making new division lines with the grantor herein S 17-15-00 E 40.00' to a 5/8" dia. steel pin set; thence, S 86-30-00 W 55.44' to a point located on the 1st described course of the grantor in the center line of Peniel Road at 34.85' passing a 5/8" dia. steel pin set; thence, with the 1st described course of the grantor and the center line of Peniel Road N 17-15-00 W. 40.00' to the place of beginning containing 0.049 acres (2154 sq. ft.); more or less, as shown on a plat attached hereto and made a part of this description as surveyed in October of 1995, by Cerrone & Associates, Inc. of Wheeling, W. Va.

Being the same real estate conveyed by David L. Bodkin and Diana Bodkin, his wife, to the Mason County Public Service District by deed dated the 16th day of April, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 336, Page 152.

DEED OF TRUST:
None.

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated May 19, 1947, executed by R. H. McCoy and Lillian McCoy, his wife, to Appalachian Electric Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 133, Page 229.

2. A right of way dated March 13, 1950, executed by R. H. McCoy and Lillian McCoy, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 141, Page 341.

3. A right of way agreement conveying a 100' easement, dated April 29, 1971, executed by Jack H. Shiflet and Elizabeth Shiflet, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 222, Page 163.

4. A right of way agreement conveying a pipeline right of way, dated March 7, 1980, executed by Jack H. Shiflet and Elizabeth Shiflet, his wife, to Anchor Hocking Corporation, of record in said Clerk's Office in Deed Book 259, Page 209. This right of way agreement was assigned to Petro Co., Inc., by assignment dated December 12, 1985, of record in said Clerk's Office in Deed Book 282, Page 97.

5. A right of way dated May 18, 1946, executed by Lillian McCoy, et al., to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 130, Page 353.

LEASES:
None.

RESERVATIONS:
None.

OUT-CONVEYANCES:
An out-conveyance dated April 25, 1951, executed by Lillian McCoy, et al., to the State Road Commission of West Virginia, conveying 1.46 acres for state road purposes, of record in said Clerk's Office in Deed Book 148, Page 59. (I have no way of determining if this affects the subject real estate.)

DEFECTS:
None.

TAXES:
Taxes for the year 2009 are non-taxable. Said real estate is assessed as follows:

Robinson District
0.049 Acre Ten Mile
Mason County Public Service District
Land Assessment: $ 540.00,
Mineral Assessment: $10.00
Building Assessment: $ 420.00
Total Assessment: $970.00
Class 3; taxes are non-taxable
Tax Map No. 225, Parcel 12.7
Assessor's Account No. 6146600

2010 are a lien on the subject real estate as of July 1, 2009, but are not yet due and payable, and will be non-taxable.

NOTE:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.0129 Acre, Union District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A 0.129 acre parcel of land, in fee simple absolute, together with vehicular access and waterline rights of way, located approximately 0.25 mile in a northeasterly direction from the intersection of State Route #62 and County Route #35/10 (Tribble Road) on the waters of the Kanawha River and Thirteen Mile Creek, situated in the District of Union, County Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a 5/8" dia. x 30" long steel pin set at the easterly most corner of the parcel here-in described, said steel pin was determined to bear S 71-08-55 W 225.97 from a corner post found, on a ridge, at the location where formerly two (2) White Oaks stood. Corner post found, being located at the sixteenth (16th) described corner of the 95.853 acre tract of Donald L. and Helen Margaret Williams (DB #307, P #13), the grantors easterly adjoiner.

Thence, from said point of beginning, making new division lines with the grantor here-in S 12035031 W 75.00' to a 5/8" dia. steel pin set; Thence, N 77-24-29 W 75.00' to a 5/8" dia. steel pin set; Thence, N. 12-35-31 E 75.00' to a 5/8" dia. steel pin set; Thence, S 77-24-29 E 75.00' to the place of beginning, containing 0.129 acres, more or less, and shown on a plat prepared by Cerrone & Associates, Inc. of Wheeling, WV in October of 1997, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Plat Slide 139-B.

Right-Of-Way #1
Vehicular Access and Waterline Route

A 20' wide permanent right-of-way, together with a 30' wide temporary construction right-of-way, the center-line of which is described as follows:

Beginning at a point located on the south-easterly line of the above described 0.129 acre "Tank Site", said point being located S 12-35-31 W 10.00' from a 5/8" dia. steel pin set at the first (1st) described corner of the afore-mentioned "Tank Site."

Thence, from said point of beginning, with the center-line of an existing farm road, passing through lands of the grantor herein-in S 85-56-23 E 58.32' to a hub set; Thence, S 73-13-57 E 47.96' to a nail set; Thence, S 64-13-46 E 73.43' to a nail set; Thence, S 70-30-34 E 62.05' to a nail set; Thence, S 68-38-53 E 221.96' to a nail set; Thence, S 74-06-35 E 177.63' to a nail set, said nail being located S 77-34-59 E 635.33' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site"; Thence, leaving the "Waterline Route" and continuing

with the center-line of the "Access Route" and an existing farm road S 86-03-29 E 26.18' to a nail set; Thence, S 67-32-14 E 19.89' to a nail set; Thence, S 19-46-01 E 20.23' to a nail set; Thence, S 39-04-59 W 20.04' to a nail set; Thence, S 55-43-01 W 28.02' to a point where the "Watering Route" rejoins the "Access Route", said point being located S 72-50-27 E 665.65' from a 5/8" dia. steel pin set at the southerly most corner of the "Tank Site"; Thence, continuing with the center-line of the "Access and Waterline Route" and the center-line of an existing farm road S 55-43-01 W 38.07' to a hub set; Thence, S 54-00-29 W 13.99' to a nail set; Thence, S 65-18-04 W 84.17' to a nail set; Thence, S 68-52-09 W 52.67' to a 3/8" dia. x 8" long spike nail set; Thence, S 65-14-55 W 52.97' to a PK nail set at the center-line intersection of the "Access and Watering Route" and Tribble Road (C.R. #35/10).

Right-Of-Way #2
Waterline Route

A 15' wide permanent right-of-way, together with a 30' wide temporary construction right-of-way, the center-line of which is described as follows:

Beginning at a nail set in the center-line of an existing farm road at the seventh (7th) described point along the above described "Access and Waterline Route", said point being located S 77-34-59 E 635.33' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site".

Thence, from said point of beginning, leaving the "Access Route" passing through lands of the grantor S 71-26-06 E 119.54' to a watering "T" intersection, said point being located S 77-24-00 E 654.76' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site"; Thence, S 03-10-24 W 53.64' to a point located in the center-line of the above described "Access and Waterline Route", said point being the twelfth (12th) described point along said "Access and Watering Route".

Beginning at a waterline "T" intersection located S 77-24-00 E 654.76' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site"

Being the same real estate conveyed by Henry O. Upton and Savanna W. Upton, his wife, to the Mason County Public Service District by deed dated the 17th day of November, 1997, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 342, Page 782.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way easement executed by Henry O. Upton and Savanna Upton, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 342, Page 466.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate is assessed as follows: Union District

0.129 Acres KRB&H
Mason County Public Service District
Land Assessment: $ 480.00
Building Assessment: $ ---
Total Assessment: $ 480.00
Class III; taxes none due to non-taxability
Tax Map No. 427, Parcel 38.9
Assessor's Account No. 6156398

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture , and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.021 Acre, Union District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A _____, _____, at _____ a.m. and is recorded in N/A _____
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, LLC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A 0.021 acre parcel of land, in fee simple absolute, together with vehicular access and waterline rights of way, located along the northerly side of County Route (C.R.) #68 approximately 0.47 mile east of its intersection with C.R. #70 and situated in the District of Union, County Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a 5/8" dia. x 30" long steel pin set at the northerly most corner of the parcel herein described which was determined to bear S 76-37-42 E 140.71' from a calculated point at the first (1st) described corner of the parent tract, located at the intersection of the common line between the grantor and Steven & Kathy Ann Eads
(DB #296, P #158), with the center-line of C.R> #68. Said point being a common corner to lands of Sharon Willet (DB #312, P #475).

Thence, from said point of beginning and making new division lines with the grantor herein, S 47-23-20 E 30.00' to a 5/8" dia. steel pin set; Thence, S 42-36-40 W 30.00' to a 5/8" dia. steel pin set on the northerly right-of-way line of C.R> #68; Thence, with said right-of-way line, N 47-23-20 W 30.00' to a 5/8" dia. steel pin set; Thence, leaving the northerly right-of-way line of C.R. #68, N 42-36-40 E 30.00' to the place of beginning, containing 0.021 acres, more or less, as shown on a play attached hereto and made a part of this description as surveyed in March of 1998 by Cerron & Associates, Inc. of Wheeling, West Virginia.

Temporary Construction Right-Of-Way

A temporary construction right-of-way, to be maintained within a reasonable distance, around the boundaries of the above described 0.021 acre booster station site for the purpose of site preparation, grading, and drainage not to exclude the right of the grantee to alter the contour of the existing ground to provide adequate site drainage.

This right of way shall expire at the conclusion of the work mentioned herein.

Being the same real estate conveyed by Russell L. Eades and Dawn Eades, his wife, to the Mason County Public Service District by deed dated the 4th day of April, 1998, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 343, Page 736.

DEED OF TRUST AND MORTGAGES:

1. Judgment dated September 22, 1989, in the amount of $250.75 in favor of Leon Water System, in that certain case in the Magistrate Court of Mason County, West Virginia, styled Leon Water System, Plaintiff, vs. Russell Eades, Robertsburg, WV 25172, Case No. 89-C-325, said judgment recorded January 2, 1990, in said Clerk's Office in Lien Book 111, Page 577.

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 8th day of January, 1998, executed by Russell L. Eades and Dawn Eades, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 342, Page 753.

LEASES:

1. Lease dated December 8, 1980, executed by Floria Whittington, widow, to Kaiser Exploration and Mining for a primary term of five years, of record in said Clerk's Office in Lease Book 49, Page 641.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009 real estate is non taxable, and said real estate is assessed as follows:

Union District
0.021 Acres Arbuckle
Mason County Public Service District
Land Assessment: $ 300.00
Building Assessment: $720.00
Total Assessment: $1,020.00
Class 3; Non Taxable
Tax Map No. 467, Parcel 47.1
Assessor's Account No. 6156432

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation, or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0134 Acre, Waggener District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" dia. x. 30" long steel pin set on the Westerly right-of-way line of C.R. #7/1 at the Northeast corner of the parcel herein described. Said steel pin was determined to bear S 42-46-21 W 222.35' from the fourth (4th) described corner of the parent tract (computed corner-original corner destroyed).

Thence, from said point of beginning making new division lines with the grantor herein and with the Westerly right-of-way line of C.R. #7/1 the following two (2) bearings and distances: S 08-16-01 W 10.31' to a 5/8" dia. steel pin set; thence S 17-40-59 W 15.13' to a 5/8" dia. steel pin set at the intersection of the Westerly right-of-way line of C.R. #7/1 and the Northerly right-of-way line of C.R. #7; thence with the Northerly right-of-way line of C.R. #7 N 66-29-39 W 25.00' to a 5/8" dia. steel pin set; thence leaving said Northerly right-of-way line C.R. #7 N 23-30-21 E 25.00' to a 5/8" dia. steel pin set; thence S 66-29-39 E 20.75' to the place of beginning containing 0.0134 acres, more or less, as shown on a plat as surveyed in March of 1996 by Cerrone & Associates, Inc. Wheeling, West Virginia.

Being the same real estate conveyed by Mildred Neal, widow, to the Mason County Public Service District by deed dated the 4th day of April, 1996, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 332, Page 424.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 24th day of April, 1979, executed by Mildred Neal, widow, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 255, Page 143.

2. A right of way dated the 14th day of May, 1979, executed by Mildred Neal, widow, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 255, Page 284.

3. A right of way dated the 13th day of November, 1987, executed by Mildred Neal, widow, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 291, Page 486.

LEASES:
None.

RESERVATIONS:

1. Excepting and reserving all coal, oil, gas and other minerals in and underlying said tract of land, together with reasonable mining rights and privileges.

2. Please be advised that within the deed dated the 4th day of April, 1996, of record in said Clerk's Office in Deed Book 332, Page 424, there is the following exception and reservation:

"In the event the subject real estate shall cease to be used for the distribution of water service and such interruption in water use shall continue interrupted for a year, the subject real estate shall refer to the grantor, her heirs and assigns."

DEFECTS:

Please be advised that the estate of Ray Neal was commenced in said Clerk's Office and an appeasement was filed therein and an inheritance tax release was obtained. However, the same has not bee settled inasmuch as a report of receipts and disbursements have not been filed and the final publication has not taken place.

TAXES:

The 2009 real estate taxes are non-taxable. Said real estate is assessed as follows:

Waggener District
0.0134 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $420.00
Total Assessment: $ 480.00
Class 3; taxes none due to non-taxability
Tax Map No. 144, Parcel 51.1
Assessor's Account No. 6104262

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 4, 2010

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.07 Acre, Waggener District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 2, 2010, at 8:00 a.m. (including the time of filing the current security instrument). (Date) p.m.

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

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

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

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 2, 2010 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 2, 2010 O.A.P.A. of $238,000.00
Water Revenue Bonds, Series 2010A (USDA), May 24, 2010 O.A.P.A. of $3,109,000.00
Water Revenue Bonds, Series 2010B (USDA), June 4, 2010 O.A.P.A. of $5,260,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this

Information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 4, 2010
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 1/2" pipe found at the Northeast corner of the 1.734 acre tract of George R. and Judith Starcher which is described in Deed Book No. 244, page 97, common corner with a 548 acre tract of K. S. Fitzpatrick (D.B. 129 Pg. 11); thence, from said point of beginning, and running with the said Starcher/Fitzpatrick line S. 26 degrees 26' 35" W. 50.00 feet to a 1/2" rebar set by this survey; thence, making new division lines, N. 63 degrees 33' 25" W. 50.00 feet to a 1/2" rebar; thence N. 26 degrees 26' 35" E. 64.81 to a 1/2" rebar set in the North line of said Starcher tract; thence S. 47 degrees 03' 25" E. along said North line 52.15 feet to the place of beginning, containing 2870.23 square feet, more or less. There is also conveyed herein an easement for waterline and access described as follows:

A 20' wide permanent easement with a 40' construction width the centerline of which is described as follows: Beginning at a point on the South line of the above described tank site at a point located N. 63 degrees 33' 25" W. 9.59 feet from the Southeaset corner of same; thence, from said point of beginning, and running parallel with the East Starcher line, S. 26 degrees 26' 35" W. 265.42 feet to a point on the North line of a 3.226 acre tract of Gaynell F. McAbee located N. 46 degrees 02' 25" W. 10.16 from the Northest corner of same.

Being the same real estate conveyed by George R. Starcher and Judith Starcher, his wife, to the Mason County Public Service District by deed dated the 25th day of September, 1978, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 253, Page 227.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2009real estate taxes are non-taxable. Said real estate is assessed as follows:

Waggener District
0.07 Acre near W. Columbia
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 60,000.00
Total Assessment: $ 60,060.00
Class 3; taxes none due to non-taxability
Tax Map No. 144, Parcel 57.4
Assessor's Account No. 6093835

The 2010 real estate taxes became a lien as of July 1, 2009; however, the same are not due and payable at this time, and will be non-taxable.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

LAW OFFICE OF
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June 4, 2010

Mason County Public Service District
Point Pleasant, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Mason County Public Service District Water Revenue Bonds, Series 2010 B (United States Department of Agriculture)

Ladies and Gentlemen:

I am special counsel to Mason County Public Service District (the "Issuer") in connection with certain matters before the Public Service Commission of West Virginia (the "PSC"). As such counsel, I am of the opinion that the Issuer has received the Recommended Decision of the Administrative Law Judge entered on January 13, 2010 and PSC Order entered on March 23, 2010, in Case No. 09-1063-PWD-42T-PC-PW-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the PSC Order has expired prior to the date hereof without any appeal having been filed. The Order is in full force and effect.

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

Very truly yours,

James V. Kelsh

James V. Kelsh, Esquire