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August 26, 2008

Paw Paw Route 19 Public Service District  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

Michelle Malone, Manager  
Paw Paw Route 19 Public Service District  
Post Office Box 2316  
Westover, West Virginia 26502

Dear Ms. Malone:

Enclosed is the transcript of closing documents for the above-referenced financing for Paw Paw Public Service District. For auditing purposes, the District should keep the transcript on file until the Bonds mature. Upon receipt, should you have any questions, please call me.

It was a pleasure working with you and the Board. We look forward to working with you again.

My best regards.

Very truly yours,

John Stump

JCS/rmc  
Enclosures  
cc: Distribution List (attached)

691540.00001

4973455

**PAW PAW ROUTE 19 PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2008 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

**TRANSCRIPT DISTRIBUTION LIST**

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**PAW PAW DISTRICT - ROUTE NO. 19  
PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS, SERIES 2008 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

**DATE OF CLOSING: 06/09/2008**

**BONDS TRANSCRIPT**

**STEPTOE & JOHNSON PLLC**

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**PAW PAW DISTRICT - ROUTE NO. 19  
PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)**

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**PAW PAW DISTRICT - ROUTE NO. 19  
PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)**

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PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,380,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Paw Paw District - Route 19 Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Monongalia and Marion Counties of said State, duly created pursuant to the Act by The County Commission of Monongalia and Marion Counties .

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of replacement of an existing 100,000-gallon tank with a 120,000-gallon tank, provide a new pump station to fill the new tank, clean and paint another tank, replace another booster station, install a new radio telemetry system and replace certain water lines (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all funds and accounts and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$2,380,000 of which \$1,380,000 will be obtained from the proceeds of sale of the Series 2008 A Bonds herein authorized and \$1,000,000 will be obtained from a grant from the United States Department of Agriculture, Rural Utilities Service.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), in the aggregate principal amount of \$1,380,000 (the "Series 2008 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2008 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the

repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1978, dated November 16, 1979, issued in the original principal amount of \$115,000 (the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2008 A Bonds as to liens, pledge and/or source of and security for payment.

Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2008 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated April 11, 2006, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of the Series 2008 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2008 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2008 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means Pentree, Inc., Princeton, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Centra Bank, Westover, West Virginia, bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Public Service Board of the Issuer.

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

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Paw Paw District - Route No. 19 Public Service District, a public service district, a public corporation and a political subdivision of the

State of West Virginia, in Monongalia and Marion Counties, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated April 11, 2006, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

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

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

"Prior Bonds" means the Series 1978 Bonds.

"Prior Resolution" means the resolution of the Issuer authorizing the Prior Bonds.

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

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

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

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

payments from Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

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

possession of such collateral, and such collateral must be free of all claims by third parties;

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

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

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

"Resolutions" means, the Bond Legislation.

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

"Secretary" means the Secretary of the Governing Body.

"Series 1978 Bonds" means the Water Revenue Bonds, Series 1978, dated November 16, 1979, issued in the original principal amount of \$115,000.

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for

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

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$2,380,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2008 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2008 A (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of \$1,380,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2008 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2008 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.375% per annum, and shall be sold for the par value thereof.

The Series 2008 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2008 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2008 A Bonds, and the right to principal of and stated interest on the Series 2008 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2008 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2008 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2008 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2008 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2008 A Bonds, and, upon presentation for such purpose, the Bond

Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2008 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2008 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2008 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2008 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2008 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2008 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2008 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2008 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2008 A Bonds and the Prior Bonds and to make the payments as

hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2008 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2008 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2008 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

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

No. AR-1

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

FOR VALUE RECEIVED, PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of \_\_\_\_\_% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted \_\_\_\_\_, 2008, authorizing issuance of this Bond (the "Resolution").

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

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

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2008 A BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BEING THE WATER REVENUE BONDS, SERIES 1978 DATED NOVEMBER 16, 1979, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$115,000.

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

IN WITNESS WHEREOF, PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC  
SERVICE DISTRICT

[CORPORATE SEAL]

---

Chairman  
Paw Paw District - Route 19 Public Service District  
Post Office Box 2316  
Westover, West Virginia 26502

ATTEST:

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Secretary

(Form of)

RECORD OF ADVANCES

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

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

(Form of Assignment)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

## ARTICLE IV

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

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

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Reserve Account (established by Prior Resolution as the Reserve Account for the Series 1978 Bonds);
- (3) Renewal and Replacement Fund (established as Repair and Replacement Fund by the Prior Resolution and hereby renamed and continued); and
- (4) Project Construction Account.

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

- (1) Series 2008 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2008 A Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2008 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

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

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

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2008 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2008 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2008 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2008 A Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office, (i) the amounts required to pay the interest on the Prior Bonds; and (ii) the amounts required to pay the interest on the Series 2008 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office, (i) the amounts required to pay the principal of the Prior Bonds; and (ii) the amounts required to amortize the principal of the Series 2008 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2008 A Bonds shall be made on an equal pro rata basis in

accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank, the amounts required by the Prior Resolution to be deposited in the Reserve Fund for the Prior Bonds; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2008 A Bonds Reserve Account, an amount equal to 10% of your monthly payment each month, until the amount in the Series 2008 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2008 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2008 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2008 A Bonds, or for mandatory prepayment of the Series 2008 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2008 A Bond Reserve Account, so long as the Series 2008 A Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(5) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Resolution and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article IV hereof. Withdrawals and disbursements, 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.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the money in the Series 2008 A Bonds Reserve Account shall be sufficient to prepay the Series 2008 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2008 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2008 A Bonds Reserve Account. All amounts required for the Series 2008 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund and the Series 2008 A Bonds Reserve Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2008 A Bonds and the interest thereon.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

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

Subject to the Prior Resolution, the Commission, at the direction of the Issuer, shall keep the monies in the Series 2008 A Bonds Reserve Account and invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par

if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2008 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2008 A Bonds, provide evidence that there will be at least 516 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2008 A Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$1,380,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into

the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2008 A Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

## ARTICLE V

### GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2008 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2008 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2008 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2008 A Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2008 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2008 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

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

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

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2008 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2008 A Bonds.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of

construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2008 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2008 A Bonds, on a parity with the Prior Bonds a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2008 A Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2008 A Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2008 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific

performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

Section 5.09. Fiscal Year; Budget. While the Series 2008 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of

the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2008 A Bonds are outstanding.

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

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia, entered on August 8, 2007, in Case No. 07-0268-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2008 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2008 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2008 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2008 A Bonds, the Issuer may not defease the Series 2008 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2008 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2008 A Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

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

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

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

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

[Remainder of Page Intentionally Left Blank]

Adopted this 5th day of June, 2008.

PAW PAW DISTRICT - ROUTE NO. 19  
PUBLIC SERVICE DISTRICT

  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of  
PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT on the 5th day of  
June, 2008.

Dated: June 9, 2008.

[SEAL]

  
Secretary

05.28.07  
691540.00001



PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT

\$115,000 Water Revenue Bond, Series 1978

BOND RESOLUTION

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PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT

RESOLUTION SUPPLEMENTING THE 1963, 1966 AND 1970 RESOLUTIONS; AUTHORIZING THE ISSUANCE OF \$115,000 WATER REVENUE BOND, SERIES 1978, OF PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT ON A PARITY WITH THE OUTSTANDING BONDS OF THE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Paw Paw District - Route No. 19 Public Service District (the "District") is a public service district created pursuant to said Article 13A by The County Commissions of Marion and Monongalia Counties.

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

(A) The District now has a public waterworks system, but such system is not adequate for service to the customers of the District and persons within the service area of the District requiring water service.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be acquired and constructed additions, extensions and improvements to the existing waterworks of the District consisting of approximately ten miles of water mains, submains and branch lines, two new water storage tanks of 100,000 gallon and 20,000 gallon capacity, respectively, a booster

booster station, distribution lines and valves, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board of the District (the "Board"). Water will be purchased from the City of Fairmont, West Virginia, pursuant to a water purchase agreement made between said City and the District.

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$115,000 to finance a portion of the cost of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$523,000, of which \$115,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$323,500 from a grant by the Government, and at least \$84,500 from a grant by Appalachian Regional Commission.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized by this resolution.

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

(G) There are outstanding obligations of the District which will rank on a parity with the Bond as to liens and source of and security for payment as follows:

The Water-Works Revenue Bond, Series A, of the District dated November 4, 1963 (the "1963 Bonds"), originally issued in the principal amount of \$181,000, sold to and now held by the Government; and

The Waterworks Revenue Bond, Series B, of the District, dated August 5, 1966 (the "1966 Bond") issued in the original principal amount of \$27,000, also sold to and now held by the Government.

The Water Works Revenue Bond, Series C, of the District, dated October 19, 1970 (the "1970 Bond"), originally issued in the principal amount of \$27,000, sold to and now held by the Government;

(H) The Government is expected by the Board to purchase the entire principal amount of the Bond, and the Bond, the 1963 Bond, the 1966 Bond and the 1970 Bond shall be on a parity, in all respects, with each other.

(I) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Government, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

Section 1.04. Definitions. The following terms shall have the following meanings in this resolution unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the \$115,000 Water Revenue Bond, Series 1978, originally authorized to be issued pursuant to this Resolution.

"1963 Bond" means the outstanding Water-Works Revenue Bond, Series A, of the District described in Section 1.02(G) herein.

"1966 Bond" means the outstanding Waterworks Revenue Bond, Series B, of the District described in Section 1.02(G) herein.

"1970 Bond" means the outstanding Water Works Revenue Bond, Series C, of the District described in Section 1.02(G) herein.

"Bonds" means the Bond, the 1963 Bond, the 1966 Bond and the 1970 Bond.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means \_\_\_\_\_,  
Consulting Engineers, \_\_\_\_\_, West Virginia, or any  
qualified engineer or firm of engineers which shall at any time hereafter  
be retained by the District as Consulting Engineer for the System.

"Current Expenses" means all reasonable and necessary expenses of operation, maintenance and repair of the System, but excluding depreciation and debt service.

"District" means Paw Paw District - Route No. 19 Public Service District, of Marion and Monongalia Counties, State of West Virginia, and, where appropriate, also means the Public Service Board thereof.

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

"Fiscal Year" means each twelve month period beginning July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Net Revenues" or "Net Operating Income" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Bond.

"Project" shall have the meaning stated in Section 1.02(B) above.

"1963 Resolution" means the resolution of the District adopted October 30, 1963, authorizing the 1963 Bond.

"1966 Resolution" means the resolution of the District adopted August 5, 1966, authorizing the 1966 Bond.

"1970 Resolution" means the resolution of the District adopted October 19, 1970, authorizing the 1970 Bond.

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

"Secretary" means the Secretary of the Board.

"System" means the complete waterworks system of the District, including all water facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,  
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1978," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Fifteen Thousand Dollars (\$115,000) for the purpose of financing a portion of the costs of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly, at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of

the District. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the District may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the system hereinafter provided for, on a parity as to lien, pledge and all other respects with the Bonds. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds. and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.06. Form of Bond. Subject to the provisions of this Resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1978

PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT

\$115,000

No. 1

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

FOR VALUE RECEIVED, PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Fifteen Thousand Dollars (\$115,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$565, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act"), and a Resolution of the Public Service Board of the Borrower.

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

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

This Bond is on a parity in all respects with the 1963 Bond,  
the 1966 Bond and the 1970 Bond described in said Resolution.

[CORPORATE SEAL]

PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC  
SERVICE DISTRICT  
(Name of Borrower)

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

Route 1, Box 146B  
(Post Office Box No. or Street Address)

Morgantown, West Virginia 26505

ATTEST:

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

Secretary, Public Service Board  
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \_\_\_\_\_

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_

\_\_\_\_\_  
(Title)

ARTICLE III  
BOND PROCEEDS; REVENUES AND  
APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account.

All moneys received from the sale of the Bond shall be deposited on receipt by the District in Community Bank & Trust, N.A., Fairmont, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as Paw Paw District - Route No. 19 Public Service District Construction Account" (the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and pay to the National Finance Office named in the Bond, not later than the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Bond on such interest payment date.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

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

Section 3.02. Covenants of the District as to Revenues and Funds.

So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC wwhich Fund, known as the "Revenue Fund" was established by the 1963 Resolution. The Revenue Fund is now on deposit with Community Bank & Trust, N.A.. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and the 1963, the 1966 and 1970 Resolutions and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month set aside from the moneys in the Revenue Fund, as an operation and maintenance fund, a sufficient sum to pay all Current Expenses.

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amounts required to pay the interest

on the Bond and to amortize the principal of the Bond over the life of the Bond issue and shall also deposit, by the fifteenth day of each month in the Bond Fund established by Section 13B of the 1963 Resolution the sums required for payment of the maturing principal of and interest on the Bonds in accordance with the 1963, 1966 and 1970 Resolutions.

(3) After payment or provision for payment of the Bonds as above provided, the District shall each month transfer from the Revenue Fund 20% of the total monthly payment upon the Bond and the total of payments required above into the Bond Fund to the Reserve Fund established by Section 13 C of the 1963 Resolution, which Reserve Fund is hereby continued for the equal pro-rata benefit of the Bonds; provided, however, that when and so long as the sum of \$19,000 has been accrued and remains in the Reserve Fund, no further payments need be made into the Reserve Fund. Such sum of \$19,000 is calculated on the basis of \$8,000 for the 1963 Bond, \$2,000 for the 1966 Bond, \$2,000 for the 1970 Bond and \$7,000 for the Bond. All income upon investments and reinvestments of moneys in the Reserve Fund shall be retained therein for the purposes of the Reserve Fund.

(4) The District shall next each month transfer not less than the sum of \$100 from the Revenue Fund to the Repair and Replacement Fund established by Section 13E of the 1963 Resolution, which Repair and Replacement Fund is hereby continued.

(5) Any sums then remaining in the Revenue Fund may be used by the District for any lawful purpose of the System.

(C) All provisions of Sections 11, 12 and 13 and Sections 16, 17, 18 and 19 of the 1963 Resolution, except as in this Section 3.02 expressly changed, shall continue in full force and effect for the equal benefit of the Bonds.

(D) Users. The District has obtained signed user agreements from not less than 74 new bona fide full time users to be served by the Project.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal amounts of the Bonds remaining unpaid, together with interest accrued thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Bondholder.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net operating income equal to not less than 110% of the average annual debt service on the Bonds and to make the payments required herein to be made upon the Bond and into the Bond Fund and the Reserve Fund and the other funds and accounts provided for hereby and in the 1963 Resolution, and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.04. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured at once if not now in effect, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons, or injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

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

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond are outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.05. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond and shall be for the equal benefit of the Bonds.

Section 4.06. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on any of the Bonds at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bonds or in this resolution or the 1963, 1966 or 1970 Resolutions, or violation of or failure to observe any provision of any pertinent law.

Section 4.07. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.08. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial and industrial consumers within the area to be served by the Project. The rates and charges in the District service area now being served shall be in accordance with those set forth in the order of the Public Service Commission entered July 22, 1975, in Case No. 8296.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	\$3.50	per 1,000 gallons
Next	2,000 gallons	\$3.30	per 1,000 gallons
Next	5,000 gallons	\$3.00	per 1,000 gallons
All over	10,000 gallons	\$2.00	per 1,000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

	5/8" meter	\$ 10.50
	3/4" meter	15.12
	1" meter	26.88
1	1/2" meter	60.48
	2" meter	107.52
	3" meter	241.92
	4" meter	430.08
	6" meter	967.68

TAP FEES FOR NEW SERVICE

For connecting to the water system, new customers shall pay a connection fee of \$150.00.

DELAYED PAYMENT PENALTY

Water bills are payable when rendered. For all accounts not paid in full within twenty (20) days of date of bill, ten per cent (10%) will be added to the net amount shown.

If any bill is not paid within sixty (60) days of date thereof, service to the customer shall be discontinued, provided, however, that at least twenty-four hours written notice has been given to the customer. Water service shall not be restored until all past due water bills have been paid in full and all accrued penalties, plus a reconnection fee of \$10.00 have been paid.

#### MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than \$9.65 multiplied by the number of units on the site at the time the meter is read, or the actual charge for the water used or the size of meter installed, whichever is greater. Motels and hotels shall pay according to the amount of water used or size of meter installed, whichever is greater.

#### TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than \$9.65, multiplied by the number of units situated on the court site at the time the meter is read or the actual charge for the size meter installed, whichever is greater. House trailers (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a part or court, shall be billed in the same manner as any other family or business unit.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for sixty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment

of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of each said County.

Section 6.02. Delivery of Bond No. 1. The Chairman and Secretary of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

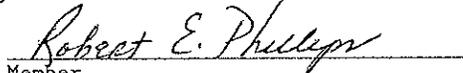
Section 6.04. 1963, 1966 and 1970 Resolutions a Part Hereof. The 1963 Resolution, the 1966 Resolution and the 1970 Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this resolution shall be supplemental to the 1963, the 1966 and the 1970 Resolutions as permitted thereby and as consented to by the Farmers Home Administration, holder of the 1963, 1966 and 1970 Bonds. All provisions of the 1963, 1966 and 1970 Resolutions unless clearly limited to the 1963, 1966 and 1970 Bonds shall apply with equal force to the Bond.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted July 11, 1979.

  
Chairman of Public Service Board

  
Member

  
Member





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

June 9, 2008

**Paw Paw District - Route No. 19 Public Service District  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)**

**TO WHOM IT MAY CONCERN:**

The undersigned duly authorized representative for the United States of America acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of Series 1978 Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture) (the "Series 2008 A Bonds"), in the original aggregate principal amount of not more than \$1,380,000 by Paw Paw District - Route No. 19 Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2008 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Water Revenue Bonds, Series 1978, dated November 16, 1979, issued in the original aggregate principal amount of \$115,000 (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 2008 A Bonds or the Series 2008 A Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Series 2008 A Resolution.

  
\_\_\_\_\_  
Acting State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500  
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

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Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).



**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

**Entered: August 8, 2007**

**FINAL**

8/28/2007

CASE NO. 07-0268-PWD-CN

PAW PAW - RT. 19 PUBLIC SERVICE DISTRICT,  
a public water utility, Marion County.

Application for a certificate of convenience and  
necessity.

**RECOMMENDED DECISION**

On March 7, 2007, the Paw Paw - Rt. 19 Public Service District (District), a public water utility, Marion County, filed an application with the Public Service Commission, pursuant to *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity for a system upgrade project to correct areas of the system experiencing numerous leaks; address pressure problems; provide fire protection to a growing area; and repair system components that do not meet the standards of the West Virginia Department of Health and Human Resources, Bureau of Public Health (Health Department). The system serves portions of Marion and Monongalia Counties. The District estimated that the project will cost approximately \$2,380,000, to be funded through a \$1,000,000 Rural Utilities Service (RUS) grant and a \$1,380,000 RUS loan bearing an estimated interest rate of 4.75% for 38 years. To support the operation and maintenance (O&M) expenses and the debt required by the project, the District has proposed a 53.5% rate increase.

On March 7, 2007, the Commission directed that the District publish a Notice of Filing, once, in newspapers duly qualified by the Secretary of State, published and generally circulated in both of the Counties of Marion and Monongalia. The Notice of Filing, which provided a 30-day protest period, indicated that, if no protests were filed within the 30-day limit, the Commission may waive formal hearing and grant the certificate based upon the evidence submitted with the application. On April 2, 2007, the District submitted publication affidavits indicating that the *Dominion Post*, a newspaper published and generally circulated in Monongalia County, had published the Notice of Filing on March 12, 2007, and that the *Times West Virginian*, a newspaper published and generally circulated in Marion County, had published the Notice of Filing on March 9, 2007. Numerous<sup>1</sup> protests to the application have been filed.

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<sup>1</sup>Two folders of the Commission's file contains only protest letters.

MKN

On April 6, 2007, Staff Attorney Wendy Braswell submitted the Initial Joint Staff Memorandum, attaching the April 2, 2007 Initial Internal Memorandum from Utilities Analyst Nathan Nelson, Water and Wastewater Division, and Technical Analyst James Spurlock, Engineering Division. Reporting some deficiencies in the certificate application, Staff indicated that it would obtain the necessary information from the District through the discovery process.

By the April 18, 2007 Commission Referral Order, the Commission referred this certificate application to the Division of Administrative Law Judges (ALJ Division) to render a written recommended decision no later than October 2, 2007.

On May 21, 2007, Staff Attorney Braswell submitted the Further Joint Staff Memorandum, correcting an erroneous legal conclusion contained in the Initial Joint Staff Memorandum, i.e., since this certificate has not been processed by the West Virginia Infrastructure and Jobs Development Council, the statutory time frame for the Commission to process the case is 270 days, irrespective of whether protests were filed. Since substantial protests have been filed, the error does not substantively affect the case.

Responding to all of the above, by the May 24, 2007 Procedural Order, the ALJ adopted a procedural schedule to further process and resolve this matter, including a Monday, July 16, 2007 hearing date. Since significant protests to the application were already filed, the May 24, 2007 Order required that the District publish the Notice of Hearing attached to the Order once a week for two consecutive weeks as a Class II legal advertisement in newspapers duly qualified by the Secretary of State, published and generally circulated in each of the Counties of Marion and Monongalia.

On June 4, 2007, Staff Attorney Braswell submitted the Final Joint Staff Memorandum, attaching the May 31, 2007 Final Internal Memorandum from Utilities Analyst Nelson and Technical Analyst Spurlock, which attached Staff's financial analysis. Together, these Memoranda comprise Commission Staff's final substantive recommendation. Staff reported that the project will correct areas of the District's system which have incurred numerous leaks, address pressure problems, provide fire protection to a growing area and repair components that do not meet the Health Department standards. The District currently serves 517 customers and the project will not add any new customers. The project will replace an existing 100,000-gallon tank with a 120,000-gallon tank which has an overflow located 65 feet higher than the existing tank, provide a new pump station to fill the 120,000-gallon tank, clean and paint the outside of another tank, replace another booster station, install a new radio telemetry system and replace certain water lines. The Office of Environmental Health Services (OEHS) has issued a permit to the District for the project, indicating that the OEHS approves of the design. The plans and specifications do not conflict with the Commission's rules and regulations. The total cost of the project, \$2,380,000, will be financed with a \$1,380,000 RUS loan, bearing interest at the rate of 4.375% for 40 years, with the payment of interest only for the first 24 months of the loan, and with a \$1,000,000 RUS grant. The debt service for the loan will be \$74,557 annually. The District will also be required to fund a debt service reserve at the rate of \$7,456, or 10%, annually, until the reserve fund equals \$74,557. The project will increase O&M expenses by \$17,501. The increased rates will produce a monthly bill of \$43.96 for

an average customer using 4,500 gallons of water, which is an increase of \$15.33 over the current average bill of \$28.63. The minimum bill will increase by \$6.96, from \$13.00 to \$19.96. Staff has recommended that the Commission approve the rates proposed by the District. Those rates will increase revenues by \$89,898, or 52.5%, from \$171,205 to \$261,103, and provide a \$917 cash flow surplus and a 118.22% debt service coverage. At going-level, the District has a \$12,781 cash flow surplus and a 350.38% debt service coverage, since it has comparatively little debt. Staff recommended that:

1. The Commission approve the certificate application at an amount not to exceed \$2,380,000;
2. The Commission approve the proposed financing for the project;
3. The Commission approve the Staff-recommended rates and charges;
4. If the plans, scope or financing for the project change which affects rates, the District notify the Commission and request that the Commission reopen this case for approval of the changes. If a change does not affect rates, the District file an affidavit signed by its certified public accountant or bond counsel verifying that fact;
5. The District submit a certified copy of the bid tabulations for all contracts as soon as they become available; and
6. The District submit a copy of the certificate of substantial completion issued for each contract as soon as it becomes available.

On July 9, 2007, the District submitted publication affidavits indicating that the *Dominion Post*, a newspaper published and generally circulated in Monongalia County, had published the Notice of Hearing on June 23 and 30, 2007, and that the *Times West Virginian*, a newspaper published and generally circulated in Marion County, had published the Notice of Hearing on June 23 and 30, 2007. The District also included a letter from Michelle Malone, Business Manager, indicating that the District had separately mailed individual notices to each of its customers of the proposed project and the proposed rate increase to support the project. Attached to the letter was a completed Tariff Form 6-A indicating that the District had completed the separate mailings on June 5, 2007.

On July 16, 2007, the ALJ convened the hearing as scheduled. The District appeared at the hearing by counsel, David C. Glover, Esquire, and Commission Staff appeared by counsel, Staff Attorney Wendy Braswell, Esquire. No Protestants appeared. Staff and the District stipulated that the Commission approve the application, the proposed financing for the project, the Staff-recommended rates and charges and the other Staff recommendations and waived their rights to submit proposed findings of fact and conclusions of law or other written legal arguments under *West Virginia Code* §24-1-9(b).

## DISCUSSION

Even though well over 20% of the District's 517 customers filed letters of protest that filled two folders of the Commission's file of this case, no one appeared at the hearing to protest the application or the increased rates and charges. Since the District satisfied all of the notice requirements of *Procedural Rule* 10.4.d.; since, although numerous protests were filed, not one Protestant appeared at the hearing, after proper notice; since the project corrects deficiencies in the District's system which have been cited by the Health Department; since the OEHS has issued a permit for the project, indicating its approval of the project design; since the project will correct water leaks and pressure problems and provide fire service to a growing area; and since the District has obtained financing for the project comprised of a \$1,000,000 RUS grant and a \$1,380,000 RUS loan, the ALJ holds that the public convenience and necessity require the project. The ALJ will approve the application and the proposed financing for the project.

Since the Staff-recommended rates and charges, which will increase revenues by \$89,898, or 52.5%, from \$171,205 to \$261,103, will provide a \$917 cash flow surplus and a 118.22% debt service coverage, the ALJ will approve the Staff-recommended rates and charges.

Also, the ALJ notes that *West Virginia Code* §24-2-11(j) states:

A public utility, including a public service district, which has received a certificate of public convenience and necessity after the eighth day of July, two thousand five, from the commission and has been approved by the Infrastructure and Jobs Development Council, is not required to, and cannot be compelled to, reopen the proceeding if the cost of the project changes but the change does not affect the rates established for the project.

Accordingly, the ALJ will direct that, if the plans, scope or financing for the project change, the District notify the Commission and request that the Commission reopen this case for approval of the changes, since nothing in the filing indicates that this project has been approved by the Infrastructure and Jobs Development Council.

Finally, the District shall submit a certified copy of the bid tabulations for all contracts as soon as they become available and shall submit a copy of the certificate of substantial completion issued for each contract as soon as it becomes available.

## FINDINGS OF FACT

1. The Paw Paw - Rt. 19 Public Service District filed an application with the Commission, pursuant to *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity for a system upgrade project to correct areas of the system experiencing numerous leaks; address pressure problems; provide fire protection to a growing area; and repair system components that do not meet the standards of the West Virginia Department of Health and Human Resources, Bureau of Public

Health. The system serves portions of Marion and Monongalia Counties. The District estimated that the project will cost approximately \$2,380,000, to be funded through a \$1,000,000 RUS grant and a \$1,380,000 RUS loan bearing an estimated interest rate of 4.75% for 38 years. To support the O&M expenses and the debt required by the project, the District has proposed a 53.5% rate increase. (See, March 7, 2007 application).

2. The District published the Notice of Filing, which provided a 30-day protest period, in the *Dominion Post*, a newspaper published and generally circulated in Monongalia County, on March 12, 2007, and in the *Times West Virginian*, a newspaper published and generally circulated in Marion County, on March 9, 2007. Numerous protests to the application were filed. (See, April 2, 2007 publication affidavits).

3. The project will correct areas of the District's system which have incurred numerous leaks, address pressure problems, provide fire protection to a growing area and repair components that do not meet the Health Department standards. The District currently serves 517 customers and the project will not add any new customers. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

4. The project will replace an existing 100,000-gallon tank with a 120,000-gallon tank which has an overflow located 65 feet higher than the existing tank, provide a new pump station to fill the 120,000-gallon tank, clean and paint the outside of another tank, replace another booster station, install a new radio telemetry system and replace certain water lines. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

5. The OEHS has issued a permit to the District for the project, indicating that the OEHS approves of the design. The plans and specifications do not conflict with the Commission's rules and regulations. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

6. The total cost of the project, \$2,380,000, will be financed with a \$1,380,000 loan from the RUS, bearing interest at the rate of 4.375% for 40 years, with the payment of interest only for the first 24 months of the loan, and with a \$1,000,000 RUS grant. The debt service for the loan will be \$74,557 annually. Also, the District will be required to fund a debt service reserve at the rate of \$7,456, or 10%, annually, until the reserve fund equals \$74,557. The project will increase O&M expenses by \$17,501. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

7. The Staff-recommended rates will produce a monthly bill of \$43.96 for an average customer using 4,500 gallons of water, which is an increase of \$15.33 over the current average bill of \$28.63. The minimum bill will increase by \$6.96, from \$13.00 to \$19.96. Staff has recommended that the Commission approve the rates proposed by the District, which will increase revenues by \$89,898, or 52.5%, from \$171,205 to \$261,103, and provide a \$917 cash flow surplus and a 118.22% debt service coverage. At going-level, the District has a \$12,781 cash flow surplus and a 350.38% debt service coverage, since it has comparatively little debt. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

8. Staff recommended that the Commission approve the certificate application at an amount not to exceed \$2,380,000; approve the proposed financing for the project; and approve the Staff-recommended rates and charges. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

9. Staff recommended that, if the plans, scope or financing for the project change which affects rates, the District notify the Commission and request that the Commission reopen this case for approval of the changes. If a change does not affect rates, the District needs to file an affidavit signed by its certified public accountant or bond counsel verifying that fact. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

10. Staff also recommended that the District submit a certified copy of the bid tabulations for all contracts as soon as they become available and that the District submit a copy of the certificate of substantial completion issued for each contract as soon as it becomes available. (See, Final Joint Staff Memorandum, filed June 4, 2007, with attachments).

11. The District submitted publication affidavits indicating that the *Dominion Post*, a newspaper published and generally circulated in Monongalia County, had published the Notice of Hearing on June 23 and 30, 2007, and that the *Times West Virginian*, a newspaper published and generally circulated in Marion County, had published the Notice of Hearing on June 23 and 30, 2007. The District also included a letter from Michelle Malone, Business Manager, indicating that the District had separately mailed individual notices to each of its customers of the proposed project and the proposed rate increase to support the project. Attached to the letter was a completed Tariff Form 6-A indicating that the District had completed the separate mailings on June 5, 2007. (See, July 9, 2007 filing).

12. No Protestants appeared at the hearing. Staff and the District stipulated that the Commission should approve the application, the proposed financing for the project, the Staff-recommended rates and charges and the other Staff recommendations, and the parties waived their rights to submit proposed findings of fact and conclusions of law or other written legal arguments under *West Virginia Code* §24-1-9(b). (See, Tr. pp. 6-8).

### CONCLUSIONS OF LAW

1. For all of the reasons set forth in the Findings of Fact, it is reasonable to conclude that the public convenience and necessity require the project.
2. Since the public convenience and necessity require the project, it is reasonable to grant the application and to approve the proposed financing.
3. The Staff recommended rates and charges, which will increase revenues by 53.5% annually, are sufficient, but not more than sufficient, to cover all of the District's O&M expenses and debt service requirements and provide a \$917 cash flow surplus.

4. It is reasonable to require that, if the plans, scope or financing for the project change, the District notify the Commission and request that the Commission reopen this case for approval of the changes.

5. It is reasonable to require that the District submit a certified copy of the bid tabulations for all contracts as soon as they become available and that the District submit a copy of the certificate of substantial completion issued for each contract as soon as it becomes available.

### ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of public convenience and necessity filed with the Commission on March 7, 2007, by the Paw Paw - Rt. 19 Public Service District under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity for a system upgrade project to correct areas of the system experiencing numerous leaks; address pressure problems; provide fire protection to a growing area; and repair system components that do not meet Health Department standards, be, and hereby is, **granted**.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of approximately \$2,380,000, to be funded through a \$1,000,000 RUS grant and a \$1,380,000 RUS loan bearing an estimated interest rate of 4.75% for 40 years, with the first two years requiring payment of interest only, be, and hereby is, **approved**.

IT IS FURTHER ORDERED that the rates and charges set forth in attached Appendix A be, and hereby are, **approved** for all service rendered by the District after the project has been fully completed and is operational.

IT IS FURTHER ORDERED that, within thirty (30) days of the project becoming fully completed and operational, the District file with the Commission an original and at least five (5) copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that, should the plans, scope or financing for the project change, the District immediately notify the Commission and request that the Commission reopen this case for approval of the changes.

IT IS FURTHER ORDERED that the District submit a certified copy of the bid tabulations for all contracts as soon as they become available and that the District submit a copy of the certificate of substantial completion issued for each contract as soon as it becomes available.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Paw Paw - Rt. 19 Public Service District comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

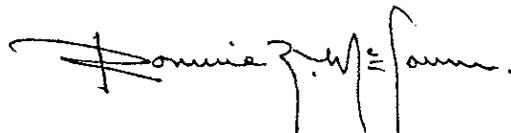
IT IS FURTHER ORDERED that this matter be, and hereby is, dismissed and removed from the Commission's docket of open cases.

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

Leave hereby is 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 Recommended Decision 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 Recommended Decision 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 recommended decision by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



**Ronnie Z. McCann**  
Deputy Chief Administrative Law Judge

RZM:s  
070268aa.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

CASE NO. 07-0268-PWD-CN

PAW PAW - RT. 19 PUBLIC SERVICE DISTRICT,  
a public water utility, Marion County.

Application for a certificate of convenience and  
necessity.

**APPROVED RATES**

**APPLICABILITY**

Applicable within the entire territory served.

**AVAILABILITY**

Available for general domestic, commercial and industrial service.

**RATES** (Customers with metered water service)

First 2,000 gallons used per month	\$9.98 per 1,000 gallons
Next 3,000 gallons used per month	\$9.60 per 1,000 gallons
Next 5,000 gallons used per month	\$8.68 per 1,000 gallons
Next 10,000 gallons used per month	\$7.29 per 1,000 gallons
All over 20,000 gallons used per month	\$6.76 per 1,000 gallons

**MINIMUM CHARGE**

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

5/8-inch meter	\$ 19.96 per month
3/4-inch meter	\$ 29.94 per month
1-inch meter	\$ 49.90 per month
1-1/4-inch meter	\$ 72.85 per month
1-1/2-inch meter	\$ 99.80 per month
2-inch meter	\$159.68 per month
3-inch meter	\$299.40 per month
4-inch meter	\$499.00 per month
6-inch meter	\$998.00 per month

RETURNED CHECK CHARGE

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

RECONNECTION CHARGE - \$20.00

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

TAP FEE

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

A tap fee of \$250.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

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

LEAK ADJUSTMENT INCREMENT

\$2.53 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.



**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE Paw Paw District Rt No 19 Publ Svc Dist

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 Improvements

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Paw Paw District Rt No 19 Publ Svc Dist  
(Public Body)

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

ONE MILLION THREE HUNDRED EIGHTY THOUSAND AND XX / 100 DOLLARS (\$1,380,000.00)

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

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

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

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

- 11. To acquire and maintain such performance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 1,000,000.00

under the terms offered by the Government; that Chairman

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

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

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Paw Paw District Rt No 19 Publ Svc Dist has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this FIRST day of May, 2006

Paw Paw District Rt No 19 Publ Svc Dist

(SEAL)

By Robert C Frame

Attest: Robert J. Ault

Title Chairman

Title Secretary / Treasurer

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as Chairman of the Paw Paw District Rt No 19 Publ Svc Dist

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

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

held on the 1st day of May, 2006 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of June 9, 2008, 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 9th day of June, 2008

Ralph J. Bennett

Title Chairman

**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE Paw Paw District Rt No 19 Publ Svc Dist

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 Improvements

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Paw Paw District Rt No 19 Publ Svc Dist  
(Public Body)

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

ONE MILLION THREE HUNDRED EIGHTY THOUSAND AND XX / 100 DOLLARS (\$1,380,000.00)

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

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

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

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

- 11. To acquire and maintain such ( ) insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 1,000,000.00

under the terms offered by the Government; that Chairman

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

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

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Paw Paw District Rt No 19 Publ Svc Dist has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this First day of May, 2006

Paw Paw District Rt No 19 Publ Svc Dist

(SEAL)

By Robert C Frame

Attest: Robert J. Ant

Title Chairman

Title Secretary / Treasurer

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as Chairman of the Paw Paw District Rt No 19 Publ Svc Dist

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

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

held on the 1st day of May, 2006; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of June 9, 2008, 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 9th day of June, 2008

Ralph A. Smith

Title Chairman



Paw Paw District - Route No. 19 Public Service District  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

RECEIPT FOR BOND

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

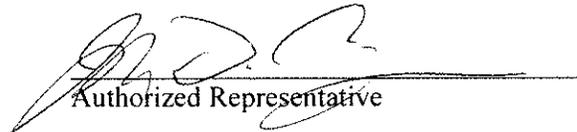
1. On the 9th day of June, 2008, at Westover, West Virginia, the undersigned received for the Purchaser the single, fully registered Paw Paw District - Route No. 19 Public Service District Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$1,380,000 (the "Bonds"), dated the date hereof, bearing interest at the rate of 4.375% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Public Service Board of Paw Paw District - Route No. 19 Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$196,500, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

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WITNESS my signature on this 9th day of June, 2008.

  
Authorized Representative

05.28.08  
691540.00001





**SPECIMEN**

UNITED STATES OF AMERICA  
PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2008 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,380,000

No. AR-1

Date: June 9, 2008

FOR VALUE RECEIVED, PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION THREE HUNDRED AND EIGHTY THOUSAND DOLLARS (\$1,380,000), plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$6,224.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted June 5, 2008, authorizing issuance of this Bond (the "Resolution").

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

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

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2008 A BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BEING THE WATER REVENUE BONDS, SERIES 1978 DATED NOVEMBER 16, 1979, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$115,000.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]



Chairman

Paw Paw District - Route 19 Public Service District

Post Office Box 2316

Westover, West Virginia 26502

**SPECIMEN**

ATTEST:

  
Secretary

**SPECIMEN**



(Form of Assignment)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2008 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

REGISTRATION BOOKS

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

<u>Note No.</u>	<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Recorder of Registrar</u>
<u>AR-1</u>	<u>June 9, 2008</u>	<u>United States of America</u>	<u></u>
<u>          </u>	<u>                  </u>	<u>                          </u>	<u>                          </u>
<u>          </u>	<u>                  </u>	<u>                          </u>	<u>                          </u>
<u>          </u>	<u>                  </u>	<u>                          </u>	<u>                          </u>
<u>          </u>	<u>                  </u>	<u>                          </u>	<u>                          </u>



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

Writer's Contact Information

June 9, 2008

Paw Paw District - Route No. 19 Public Service District  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

Paw Paw District - Route No. 19 Public Service District  
Westover, West Virginia

United States Department of Agriculture  
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Paw Paw District - Route No. 19 Public Service District in Monongalia and Marion Counties, West Virginia (the "Issuer"), of its \$1,380,000 Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted June 5, 2008 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is a duly created and validly existing public service district and as a public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds, on a parity with the Issuer's Water Revenue Bonds, Series 1978, dated November 16, 1979, issued in the original aggregate principal amount of \$115,000.

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

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

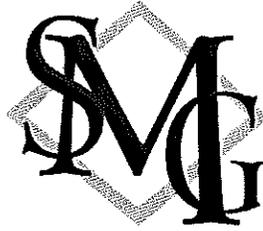
6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

Very truly yours,

  
STEPH & JOHNSON PLLC





**Smith, McMunn & Glover, PLLC**  
Attorneys at Law

G. Thomas Smith  
D. Andrew McMunn  
David C. Glover

516 West Main Street  
Clarksburg, WV 26301

Telephone: (304) 326-6000  
Facsimile: (304) 326-4000  
Writer's Email: [davidcglover@aol.com](mailto:davidcglover@aol.com)

June 9, 2008

Paw Paw - Rt. 19 Public Service District  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

Paw Paw - Rt. 19 Public Service District  
Westover, West Virginia

United States Department of Agriculture,  
Elkins, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Paw Paw - Rt. 19 Public Service District, a public service district in Monongalia and Marion Counties, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted June 5, 2008 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Monongalia and Marion Counties relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

We are of the opinion that:

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

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

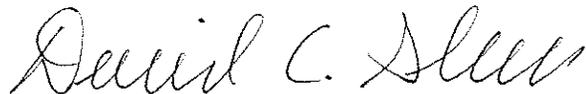
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

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

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the design, acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Monongalia and Marion Counties and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "David C. Slee".

SMITH, MCMUNN & GLOVER, PLLC



PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Paw Paw District - Route No. 19 Public Service District in Monongalia and Marion Counties, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 9th day of June, 2008, in connection with the Paw Paw District - Route No. 19 Public Service District Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$1,380,000 and bearing interest at the rate of 4.375% per annum (the "Bonds" or the "Series 2008 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated April 11, 2006 and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted June 5, 2008 authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Bonds are being issued on

this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

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

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

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on August 8, 2007, in Case No. 07-0268-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges. The time for appeal of the Final Order has expired prior to the date hereof.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1978, dated November 16, 1979, issued in the original principal amount of \$115,000 (the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2008 A Bonds as to liens, pledge and/or source of and security for payment.

Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity

tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof..

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

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

Bond Resolution

1978 Bond Resolution

Consent of RUS to Issuance of Parity Bonds

Public Service Commission Order

United States Department of Agriculture Loan Resolution

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

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

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Paw Paw District - Route No. 19 Public Service District" and its principal office and place of business are in Monongalia County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Robert Frame	November 30, 1999	October 1, 2011
Michael DeMicco	October 1, 2007	October 1, 2011
Robert Arnett	February 4, 2004	October 1, 2009

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2008 are as follows:

Chairman	-	Robert Arnett
Secretary	-	Michael Demicco

The duly appointed and acting Attorney for the Issuer is Smith, McMunn & Glover, PLLC, Clarksburg, West Virginia.

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

At the time of delivery of the Bonds, the amount of \$196,500 was received by the undersigned Chairman, being a portion of the principal amount of Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.375% per annum is payable from the date of each such advance.

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

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

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

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

12. CONNECTIONS, ETC.: The Issuer will serve at least 516 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

14. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of \$1,000,000 is committed and in full force and effect.

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

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

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

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official seal of PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT on the day and the year first above written.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

  
\_\_\_\_\_

Chairman

  
\_\_\_\_\_

Secretary

\_\_\_\_\_

Attorney for Issuer

05.28.08  
691540.00001

WITNESS our signatures and the official seal of PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT on the day and the year first above written.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Chairman

\_\_\_\_\_

Secretary

David C. Allen

Attorney for Issuer

05.22.08  
691540.00001



Paw Paw District - Route No. 19 Public Service District  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Daniel E. Ferrell, Registered Professional Engineer, West Virginia License No. 13462, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Paw Paw District - Route No. 19 Public Service District (the "Issuer"), to be acquired and constructed in Monongalia and Marion County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

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

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

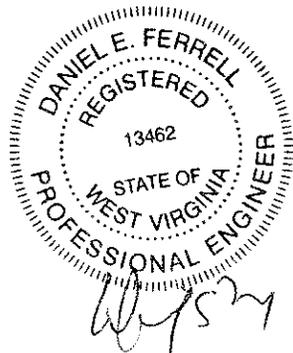
WITNESS my signature on this 9th day of June, 2008.

THRASHER ENGINEERING, INC.



\_\_\_\_\_  
Daniel E. Ferrell, P.E.  
West Virginia License No. 13462

03.11.08  
691540.00001





IN THE COUNTY COMMISSION OF MONONGALIA COUNTY, WEST VIRGINIA

ORDER ENLARGING THE BOUNDARY LINES OF  
PAW PAW DISTRICT ROUTE NO. 19 PUBLIC SERVICE DISTRICT

I.

WHEREAS, Paw Paw District Route No. 19 Public Service District has shown that the only practical method of serving the Hagans-Stewarts Run area with water is for Paw Paw District Route No. 19 Public Service District to serve them as a part of its current expansion program, and

II.

WHEREAS, through their Counsel, the parties are familiar with the provisions of Article 13-A-2 of Chapter 16 of the Code of West Virginia providing for the establishment of a public service districts for water services and for the enlargement of districts to include additional areas, and

III.

WHEREAS, pursuant to the provisions of the aforesaid article, the Paw Paw District Route No. 19 Public Service District proposes the ENLARGEMENT OF THE SAID PAW PAW DISTRICT ROUTE NO. 19 PUBLIC SERVICE DISTRICT AREA to include the area described on the map and description filed herein and adjacent areas, and

IV.

WHEREAS, the Petitioners moved the Commission to enlarge the boundaries of PAW PAW DISTRICT ROUTE NO. 19 PUBLIC SERVICE DISTRICT, and the Commission having inspected a map prepared by Tony Kitzmiller, Engineer, and a description of the proposed NEW boundaries of Paw Paw District Route No, 19 Public Service District.

NOW THEREFORE, it is ORDERED and DECREED that the boundaries of Paw Paw District Route No. 19 Public Service District are revised and enlarged to include the Hagans - Stewarts Run communities as shown on a map attached hereto and made a part hereof and more particularly bounded and described as follows:

BEGINNING at a point on the Marion, Monongalia County line at the juncture of Secondary Route 19/1 and 37/9 and running thence in a north westerly direction approximately three (3) miles to the juncture of Route 25/1 and 35; thence with the ridge line approximately 2 1/2 miles to secondary Route No. 33; thence continuing with the ridge line in an easterly direction 1 1/2 miles to a point on Route 37/13; thence with the ridge line in a south easterly direction approximately two (2) miles to the original initial boundary line of Paw Paw District Route No. 19 Public Service District; thence with the District line to the place of beginning.

COMMISSIONERS OF  
MONONGALIA COUNTY,  
WEST VIRGINIA.

Joseph E. Kum  
Harry W. Howell  
[Signature]

ENTERED JULY 9, 1979

A TRUE COPY  
ATTEST [Signature] CLERK  
OF MONONGALIA COUNTY COURT, W. VA.

MINUTES

## MONONGALIA COUNTY COMMISSION

MONDAY, JULY 9, 1979

PRESENT: Joseph E. Kun, President  
Richard E. Davies and Harry U. Howell, Members.

The Monongalia County Commission met in regular session at 10:00 a.m. this 9th day of July, 1979. The following items of business were discussed and/or acted upon:

MONONGAHELA POWER COMPANY  
POLLUTION ABATEMENT REVENUE BONDS

Hale Posten, Attorney at Law, representing the owners of Duquesne Light, Potomac Power and West Penn Power and Monongahela Power and Richard H. Talbot, Jr., Manager, Legal Services for the Monongahela Power Company met with the Commission asking the Commission to approve a resolution on an Industrial Plan for financing pollution control equipment for the Fort Martin Power Station. We have been ordered to install or cease to exist. They made a careful survey and the cost of equipment will not exceed \$60,000,000.00. I am sure you are familiar with this Industrial Plan, the only difference is that this is big and expensive and we were ordered to install this equipment within 30 days, but I do not think we can do it, but we will try. As you know, the County issues these bonds, but it is not the liability of the County. The Companies will pay off the bonds and pay the interest on them, during the period of time they are outstanding. There is a procedure that requires first a resolution and then a preliminary agreement and then we get down to the nitty gritty. The County will be thoroughly protected throughout. The legal documents have been carefully prepared by attorneys of Pittsburgh tops in this field and I have a copy of the resolution, which I will ask the Commission to consider and adopt these as soon as possible, because the time is of essence. I have the preliminary agreement also. He presented these to the Commission and they were executed. Mr. Posten stated that Pleasants County just approved one for \$200,000,000.00 for a plant they are building down there.

Mr. Goldberg asked if this will necessitate a raise in Power fees by the Monongahela Power Company for Monongalia County residents. Mr. Talbott stated that he could not answer this. Mr. Talbot also stated that the present program they had consulted with the state and federal officials and completion date will be August, 1982. Typically the way this works is that we go ahead and spend the money and come back to the county for reimbursement of the money already spent. The county finances this on an interm basis until the bonds are sold. This manner of financing provides a cheaper benefit for them.

Commissioner Kun asked if the controls that they are going to install have been approved by the Federal and State Agencies?

Mr. Talbott said that they have a meeting scheduled for one but the other has approved it.

Commissioner Howell asked if they would be using local coal?

Mr. Talbott stated that yes they would be. We use ash mainly.

Commissioner Davies moved that the Commission accept the resolution as the first step and it was seconded by Commissioner Howell and it was unanimously accepted. Commissioner Kun stated that it had been moved and seconded that the Commission accept the resolution of intent for Pollution Abatement Revenue Bonds for the Allegheny System plus Duquesne Light in the amount of \$60,000,000.00 for

pollution control equipment for the Fort Martin Power Station. Commissioner Davies moved separately that we execute the preliminary agreement to issue bonds for the Fort Martion Power Station and it was seconded by Commissioner Howell and it too was executed by the Commission this day.

SHERIFF'S SETTLEMENT FOR FISCAL YEAR 1978-1979

This day the Commission approved the Sheriff's Settlement for the fiscal year 1978-1979 on a motion made by Commissioner Howell and seconded by Commissioner Davies and unanimously approved.

PROSECUTING ATTORNEY--PROFESSIONAL LIABILITY INSURANCE

The prosecuting attorney is requesting professional liability insurance for him and his staff. He has never had this. He does have a legal bond--the amount is fixed by statute, but it is less than the liability he has in his work. There should be an umbrella covering liability for all elected officials and all employees of the Court House. Commissioner Davies stated that we want to make sure that Chamberlain & Flowers represent the County's Insurance Program. The Commission directed Mr. Goldberg to talk further with the prosecuting attorney and Chamberlain & Flowers Insurance Agency discussing the possibility of obtaining an umbrella policy extending over all elected county officials and county employees.

RURAL PUBLIC TRANSPORTATION PROGRAM--SUPPLEMENTAL AGREEMENT NO. 1

This day, the Commission executed Supplemental Agreement No. 1 to the Rural Public Transportation Program contracts for fiscal year 1980 obligating and committing federal and state funding through February 1, 1980. The Commission stated that this program is to be 100% Federal and State supported or we will shut it down. Commissioner Howell stated that is the understanding we took it on. Commissioner Davies moved that the Supplemental agreement be executed and was seconded by Commissioner Howell and unanimously executed.

MONONGALIA COUNTY YOUTH CRISIS CENTER--ADJUSTMENT NOTICE

The Commission acknowledged receipt of an Adjustment Notice from the Governor's Committee on Criminal Justice and Highway Safety for the Monongalia Youth Crisis Center approving the appointment of Mrs. Jean Clark Project Director.

RAPE INFORMATION SERVICE--ADJUSTMENT NOTICE

The Commission acknowledged receipt of an adjustment notice from the Governor's Committee on Criminal Justice and Highway Safety for Rape Information Service authorizing certain budgetary adjustments in the project budget for the year ending June 30, 1979.

EMERGENCY MEDICAL SERVICES AUTHORITY--GASOLINE STORAGE FACILITY

Mr. Goldberg presented the Commission with a letter from George Armistead inquiring who owns the gas storage tanks purchased for Monongalia County Emergency Medical Services Authority and placed near their new facilities on the Mile Ground. Mr. Armistead states that the insurance that Mr. Kelly, owner of the premises, now carries does not cover the liability and damages that could result from any problems with the tanks. The Commission stated that probably Mr. Kelly would want to black top over the tank under the ground. If it had been above ground it would have been owned by Gulf. Once this is installed it probably would cost more to remove it than the tank would be worth. The Commission feels that it is Mr. Kelly's place to

carry insurance on the tanks. Mr. Goldberg was instructed to talk with Mr. Kelley regarding this.

#### WEST VIRGINIA STATE DEPARTMENT OF HIGHWAYS--CONDEMNATION SUIT

The Commission acknowledged receipt of an order of the payment of \$56,000.00 by the West Virginia State Department of Highways as required by statutes governing the condemnation of land for a public purpose. Mr. Goldberg stated that he would inquire of the Circuit Clerk as to the distribution of this check to the Treasurer, Sheriff of the County. Commissioner Kun stated that he thought this should be deposited in some interest paying account and the money should be kept separate until the settlement is finished. Mr. Goldberg was instructed to check on the check.

#### MONONGALIA GENERAL HOSPITAL PROPERTIES--(MAIN DIVISION)

The Commission acknowledged receipt of a quotation in the amount of \$19,750.00 for the appraisal and feasibility study of the former main division of the Monongalia General Hospital Properties. The Commission instructed Mr. Goldberg to obtain proposals from local appraisers and submit them for the Commission's consideration on or before Tuesday, July 17, 1979. Commissioner Kun stated if we are going to hire appraisers they should be from here, some of our county tax payers, and I don't think we need a feasibility study.

#### MONONGALIA COUNTY VOLUNTEER FIRE DEPARTMENTS--STATE AID

The Commission acknowledged receipt of a questionnaire to be completed on behalf of Volunteer Fire Departments in Monongalia County for review and consideration by the State of West Virginia in awarding grants in aid to Volunteer Fire Departments. They need a lot of information from the Departments such as charters, etc.

#### SOUTH HIGH STREET BRIDGE

The Commission acknowledged receipt of official bid tabulations from Alpha Associates for proposed repairs to the South High Street Bridge.

#### STATE FIRE COMMISSION RULES AND REGULATIONS

The Commission acknowledged receipt of State Fire Commission Rules and Regulations as adopted by the State Fire Commission.

#### NATIONAL ASSOCIATION OF COUNTIES ANNUAL CONVENTION--CONFIRMATION OF RESERVATIONS.

The reservations for the County Officials to attend the Annual Convention of the National Association were confirmed this day. There will be no Court next week.

#### MONONGALIA COUNTY VOLUNTEER FIREMENS ASSOCIATION TANKER TRUCKS

This day, Fred Root, Head of Transportation for the County, stated that the two Tanker Trucks will be ready for delivery tomorrow, and he had assigned the two trucks as follows: Blacksville Truck #1--Radio Serial #433 HDL 1633--1979 International AA 192 JHA 27485. Granville Truck #2--Radio Serial #433 HDL 1634--1979 International AA 192 JHA 27355. The Commission directed Mr. Root to get copies of the bid sheets with all equipment listed on them and have each of the Fire Companies sign for the Trucks and equipment. Mr. Root stated that he had received no license plates as yet. The Commission directed him to check with the Clerk's Office as to the titles for

the Trucks.

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE--RICHARD FOLIO

Richard Folio, representative of the State of West Virginia Public Employees Insurance Board appeared before the County Commission this day, to clear up a misunderstanding about open enrollment. Mr. Folio stated that open enrollment for optional life went to those only that had the health plan previously and no statement of health was necessary. When it was found that they were new members applying, a statement of health was asked for. Commissioner Howell asked what if the person does not know about this plan 30 days after employment. Mr. Folio stated that it is the County Clerk's Office job to see that these persons are enrolled during that 30 day period. Suppose no one told them about the program during that period, what recourse would they have, Commissioner Howell asked. Mr. Folio stated with the Board none, it would be with the place of employment. We do not deal with the individual, we deal with the place of employment. But I cannot answer this question legally as to who really would be responsible. Every new employee has to sign a card if he wants the plan or not. Some people would say they did not have any knowledge of the plan. Commissioner Kun stated that a representative came up here from Equitable Life Insurance Company and when he was here telling all the good points he showed slides and a specific question was asked and he stood right here in our office and he told us that everyone working for the County would be eligible and would be covered. We signed up and here we started getting forms to go to the Doctor. He lied to us. Mr. Folio asked if this was when you originally enrolled or when the County decided to pay for the Insurance Program? Commissioner Kun asked, why didn't he tell us that we had already had our open enrollment period, but he did not say this. Commissioner Davies stated that the representative of that Company made a statement before witnesses of certain coverages that would be binding in a court of law. Mr. Folio stated that he would be happy to take that statement before the board and have a hearing on it in Charleston and come back with an answer from the hearing. I will have to know who the agent was and who he was representing and the date of the meeting and why the meeting was held. We asked if it would be an open enrollment for our employees and Mr. Howell had just come out of the hospital and we asked him if he would be covered and he said definitely yes with no questions asked, Commissioner Kun said. Mr. Folio stated that he would also like a list of the people that had to send a statement of health in before being accepted. Commissioner Kun said I do not know who was being represented the Insurance Company or the State. The slides were shown to us two times. Commissioner Kun stated that we have asked and should inform them again for the County Clerk, payroll master, have the employees when employed, fill out an enrollment card for the plan either accepting or rejecting the hospital plan within a 30 day period. Mr. Folio stated that anyone who works over 1040 hours a year or over 20 hours a week are eligible for the plan. No temporary employees are paid by the Commission, they pay their own. We deduct it from their check. Commissioner Howell stated that anyone employed by the County as a full time employee automatically becomes covered by the insurance plan, but what about an elected official? If an official failed to take the plan when he was first elected but wanted it when he was re-elected could he be accepted without a statement of health? Mr. Folio said he would get in touch with the Attorney General's Office and have an answer later this morning. The only record we have of whether the employee wants the insurance or not is on the enrollment card where he marks it accepted or rejected. We should keep these as they might some time come back on us that they were not told of the plan, and from now on, we want to make everyone sign a card--sign accepted or rejected.

PAW PAW PUBLIC SERVICE DISTRICT--PUBLIC HEARING

Rod Devison, Attorney for the Public Service Districts, and representing Paw Paw Public Service District presented the certificate of publication proving the notice went into the paper and he said he could certify to the Commission that the notice was posted in five (5) public places in the area. The Commission was presented a map showing the area Stewarts Run and Hagans that is to be incorporated into the Paw Paw Public Service District with metes and bounds of the area. Commissioner Davies made a motion that the addition be accepted, and Commissioner Howell seconded the motion and the Commission unanimously agreed that it be enlarged. There was no one appearing to oppose the enlargement. Mr. Devison said that they were going to start on this soon.

TOM JACKSON, COUNTY CLERK

Tom Jackson, County Clerk, explained to the Commission more about how the computer would be taking care of the payroll, writing checks, etc. and again invited the Commissioners to stop down and check these out. He stated that he also had a good registration program and election program set up.

COMMISSION MEETING DATES CHANGED

The Commission announced that there will not be any meeting on July 16, 1979 or July 17th, 1979 as the Commissioners will be attending the County Official Meeting out of town.

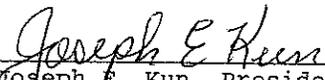
EMS-EMERGENCY MEDICAL SERVICES AUTHORITY

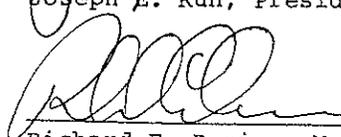
The Commission, this day, ordered that the County Clerk issue a payroll every month to the EMS--1/12 of the allotment which will be \$11,000.00 payroll for a month. Commissioner Howell moved that this be done and it was seconded by Commissioner Davies and unanimously ordered.

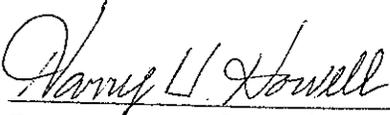
WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE--RICHARD FOLIO

Richard Folio reported back to the Commission his answer after contacting the Attorney General's Office and it is as follows: We have allowed this for Delegates and Senators, if they did not enroll in their first term of election, they may enroll in their second. We have not allowed it for senate bills, but it would be allowed. Commissioner Davies said he wanted his back dated until the 1st day of January, 1979. We are setting a precedent, it hasn't been done in the past, Mr. Folio said. Mr. Folio told the Commission to get minutes and he would take them to Charleston. Commissioner Howell stated that he did not think that minutes were kept back that far.

The Commission recessed at 11:15 p.m.

  
 \_\_\_\_\_  
 Joseph E. Kun, President

  
 \_\_\_\_\_  
 Richard E. Davies, Member

  
 \_\_\_\_\_  
 Harry U. Howell, Member

### PUBLISHER'S CERTIFICATE

.....Certificate of Publication.....

vs.

STATE OF WEST VIRGINIA,  
COUNTY OF MONONGALIA

I, Ron Tennant, Advertising Manager of THE  
DOMINION-POST, a newspaper of general circulation published in  
the City of Morgantown, County and State aforesaid, do hereby cer-  
tify that the annexed

.....Enlargement of boundaries of.....  
.....Paw-Paw District.....

..... was published in the said DOMINION-POST once a week for  
.....1..... successive weeks, commencing on the ..27 day  
of ..JUN 1979 and ending on the ..... day of ..  
19....

I also certify that the same was duly posted on the ..27..... day  
of ..JUN 1979 at the front door of the Court House of said coun-  
ty, as provided by law.

The publisher's fee for said publication is \$ .....5.60.....

Given under my hand this .....6..... day of ..July, 1979

(SEAL)

Advertising Manager of THE DOMINION-POST

Subscribed and sworn to before me this .....6.....  
day of ..July, 1979

.....  
.....  
Notary Public of Monongalia County, W. Va.

My commission expires on the .....28..... day of  
.....March....., 1979

12121 June 27  
NOTICE  
TO: Residents of Monongalia County, particularly Hagans - Stewarts Run Communities, Monongalia County.  
On July 9, 1979 at 11:00 a.m. in the office of the Monongalia County Commission, a hearing will be held to consider the enlargement of the boundaries of Paw Paw District - Route No. 19 Public Service District to include the communities of Hagans and Stewarts Run.  
COUNTY COMMISSION OF MONONGALIA COUNTY

IN THE COUNTY COMMISSION OF MONONGALIA COUNTY, WEST VIRGINIA

O R D E R

Pursuant to motion of Roderick A. Devison, the Commission herein sets a date for hearing to hear argument for and against the enlargement of the boundary lines of Paw Paw District Route No. 19 Public Service District to include the communities of Hagans-Stewarts Run. The date to be the 9 day of July, 1979.

COUNTY COMMISSION OF  
MONONGALIA COUNTY,  
WEST VIRGINIA.

Joseph E. Kuen  
[Signature]  
Henry L. Howell

OCT 4, 1963

RECORDED  
B. 28 Nov 19

ORIGINAL

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, at the Capitol in the City of Charleston on the 4th day of October, 1963.

CASE NO. 5754

PAW PAW DISTRICT ROUTE NO. 19  
PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to furnish water service, and for approval of rates and charges.

KIND OF CASE AND PROCEDURE FOLLOWED

On July 5, 1963, Paw Paw District Route No. 19 Public Service District filed its application seeking authority to construct, operate and maintain a water distribution system within the district; to furnish water service, and for the approval of rates and charges as follows:

RATE

First 5,000 gallons used per month \$ 2.00 per thousand gallons  
All over 5,000 gallons used per month 1.00 per thousand gallons

MINIMUM CHARGE

-5/8 inch Meter	\$ 6.00 per month
1- inch Meter	15.00 per month
1-1/4 or 1-1/2 inch Meter	30.00 per month
2- inch Meter	60.00 per month

Where multiple service is rendered through one meter, the minimum charge shall be multiplied by the number of users.

DELAYED PAYMENT PENALTY

The above schedule is net on all accounts not paid in full within 30 days after date of bill, after which ten per cent (10%) will be added to the net amount shown. After 60 days of delinquency the service is to be discontinued.

RECONNECTION CHARGE

A reconnection charge of \$6.00 shall be made.

NEW SERVICE

A charge of \$100.00 or the actual cost, whichever is the greater amount, will be made.

On July 11, 1963, the Commission entered an order which scheduled the matter for hearing at the Commission's Hearing Room in Charleston on August 28, 1963, and required applicant to give notice of its filing and of the time and place of hearing thereon by publishing a copy of the order once each week for two successive weeks in newspapers published and of general circulation in each of Marion and Monongalia Counties. Notice was given as required. Hearing was held as scheduled. There were no protests to the authority sought by the application.

FACTS DISCLOSED BY THE EVIDENCE

Paw Paw District Route No. 19 Public Service District was created by order of the County Court of Marion County on March 6, 1954. These proceedings are of record in the Office of the County Court of Monongalia County in Miscellaneous Court Order Book No. 14, at page 437, as provided by statute. The district lies mainly along U. S. Route 19, north of Fairmont, and embraces the communities of Everetttsville and Crown. These two communities each now have a water distribution system, the one at Everetttsville serving about 80 users and the one at Crown about 70 users. The district has made arrangements and entered into contracts for the acquisition of both the Everetttsville system and the Crown system. These will be connected with and operated as a part of the over-all system to be installed by the district. The district is to receive a grant from the Federal Accelerated Public Works Program of \$162,500. It then plans to issue bonds in the total amount of \$181,000. The total cost of construction was stated to be \$288,000 and the total project cost \$340,000. It is estimated that the annual operating expenses of the system, once it is in operation, will be \$6,000, the average annual debt requirements over the period of the bond issue will be \$10,490, giving a total of \$16,490. It is also estimated that the annual revenues from the sale of water will be \$18,000 which leaves a net annual profit of \$1,510.

The district will obtain all of the water it sells from the City of Fairmont at a contract rate which has been agreed upon of 27½¢ per thousand for the first 2,000,000 gallons per month, 23¢ per thousand gallons for the next 3,000,000 gallons per month and graduated thereafter. It is necessary to lay a larger line between Fairmont and Rivesville, a distance of 1.6 miles, in order to provide an adequate supply of water. The district is to pay for the construction of this line and in return therefor the Town of Rivesville has agreed to transport the water on through the town to the beginning point of the district. The district will lay 8,700 feet of main in the territory to be served. It will also construct a 2,000,000 gallon reservoir.

#### FINDINGS OF THE COMMISSION

1. Public convenience and necessity require the service proposed to be rendered by the applicant.
2. The rates and charges set forth in the application are just and reasonable in that they will produce no more annual revenue than is sufficient to enable the district to pay its operating expenses, provide for the amortization of the bonded indebtedness, and provide a reasonable surplus.
3. The new service fee should be a flat one hundred dollars rather than "One hundred dollars or the actual cost, whichever is greater" contained in the application.
4. The multiple service provision in the application should be eliminated.

#### ORDER OF THE COMMISSION

The applicant is granted a certificate of public convenience and necessity to construct and operate a water distribution system as described in the application.

The rates and charges hereinabove set forth are approved, effective on all meter readings taken on and after the date of this order, ~~except that the new service fee shall be a flat one hundred~~

dollars and that the multiple service provision shall be eliminated.

The applicant shall file a tariff with this Commission stating its said rates and charges.

*Joseph E. Hodyson*  
Chairman.

PAW PAW DISTRICT ROUTE NO. 19  
PUBLIC SERVICE DISTRICT

Joseph P. Sullivan, Chairman  
Main Street  
Rivesville, W. Va.

RECORDED  
JUL 1 1963  
PUBLIC SERVICE DISTRICT  
Secretary's Office

June 27, 1963

Public Service Commission of West Virginia,  
Charleston, West Virginia

Gentlemen:

Enclosed please find application for Certificate of Convenience and Necessity, together with four additional copies thereof.

This District has been awarded a grant from the Community Facilities Agency of the Housing and Home Finance Agency under the Accelerated Public Works Act. This grant in the amount of \$162,500.00, will cover approximately one-half the cost of the project.

Under the terms of the grant "on site" employment must start within 90 days from now. The Government will not release the grant money until the District has a Certificate of Convenience and Necessity and an approval of the rates based upon the Engineer's estimates.

In order that we may qualify for the grant it is urgent that this application be expedited. Would it be possible under these circumstances to give this matter an early date on your docket?

Very truly yours,

PAW PAW DISTRICT ROUTE NO. 19  
PUBLIC SERVICE DISTRICT

By Joseph P. Sullivan  
Joseph P. Sullivan

JPS:CD  
ENCLS.

STATE OF WEST VIRGINIA  
PUBLIC SERVICE COMMISSION  
CHARLESTON, W. VA.

RECEIVED  
JUL - 5 1963  
PUBLIC SERVICE COMMISSION OF W. VA.  
Secretary's Office

Case No./ 5754

Application of Paw Paw District Route No. 19 Public Service District at Rivesville in the County of Marion.

Comes now the above named District, the petitioner herein, and respectfully shows the Commission as follows:

1. That the name and address of the petitioner is:  
Paw Paw District Route No. 19 Public Service District,  
Joseph P. Sullivan, Chairman,  
Main Street, Rivesville, West Virginia.
2. That the applicant proposes to construct, operate and maintain a water distribution system in the Counties of Marion and Monongalia, West Virginia, and furnish water service.
3. Here follows a full and complete description of the new construction, the rates, construction cost and proposed method of financing:

PROPOSED WATER SYSTEM CONSTRUCTION

PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT  
Marion and Monongalia Counties, West Virginia

The Paw Paw District - Route No. 19 Public Service District is a public corporation, established by the County Court of Marion County, West Virginia, by order entered on the 6th day of March, 1954.

The District was initiated upon petition of 170 property owners and residents within the territorial limits of the area proposed to be served with water and/or sewerage service. Upon public hearing upon the petition to establish a public service district, the County Court of Marion County found that the establishment of such a district would be conducive to the preservation of the public health, comfort and convenience of the persons residing within such area.

The dangerous physical conditions and operation of the existing systems is causing the State Health Department deep concern. Underlying the area adjacent to the existing systems were valuable coal seams that have been in a great part worked out, causing the disappearance of surface water and the failure of well water supply. The need of water for the residents of these areas is presently very acute.

ORIGINAL  
PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA

JUL 5 1963

SECRETARY'S OFFICE  
FILED

The area to be served is a residential and farming area. The larger communities were established as a result of the coal operations and generally, the residents are presently gainfully employed in the Fairmont and Morgantown areas. Several years ago these communities experienced the usual exodus of inhabitants upon the closing down of their main industry. Their population is presently stabilized, and it is expected to show the usual general increase in the future years.

The community of Crown has 70 water customers who are supplied with water by a community owned water system, which is to be acquired by the District. The present system was installed in the year 1927. It's source of supply is springs, which do not produce a sufficient amount of water to meet the demand. The steel pipe distribution system and wooden storage tank require immediate replacement before complete failure is encountered. The water is not chlorinated.

The community of Everettville has 70 water customers who are supplied with water by a privately owned system, which is to be purchased by the District. The source of supply is the Monongahela River. The system was installed in 1927.

The District has options to purchase these existing systems and therefore will have no competing utility. The customers planned to be served under this project, and who are not presently being served by existing services have displayed their need of water by entering into a contract with the district to take water from its system whenever it becomes available.

After due study of the problems faced by the area in securing an adequate and dependable water service by the Public Service District Board, the present plan was determined to be the only one that should be carried out.

The workload of the project upon completion will be about 9,000,000 gallons yearly. Counting the existing system's customers together with those that want public water service, there will be a total of 250 customers initially. There exists, at this time, if all the residences would take water, a potential of approximately 370 consumers.

The approvals needed are those of the State Department of Health of the Plans and Specifications, and the Public Service Commission of West Virginia for a certificate of convenience and necessity, and the rate schedule and regulations.

#### NEW CONSTRUCTION

The source of finished water will be by purchase from the City of Fairmont Water System. It is planned to take water from Fairmont near the junction of Trolley Street and Highland Avenue from a 10" line. The District will lay a new 8" line from this point some 9200 lineal feet to a junction of the Town of

Rivesville's water line, and Fairmont's water line. This new line has been deemed necessary by Fairmont, in order to adequately supply Rivesville and the District with water. The water then will be transported through the Rivesville Water System to a point at Pleasant View where the District will build a pump house and install a pump. From the pump house a new 6" line will be laid to supply the District's area.

The construction necessary in the District will entail the laying of some 42,000 lineal feet of 6" pipe and 4500 lineal feet of 4" pipe, and the building of a 200,000 gallon reservoir.

The Village of Crown's water system will require complete renovation. The water system now servicing <sup>the</sup> Everettville area will require only two connections along the highway, as this system has been recently metered and no further work is contemplated at this time.

All other services will be metered at the property line and connecting service lines shall be put in by the customers.

All necessary valves and controls for the proper working of the system will be installed.

The work contemplated herein is the minimum required to furnish water within the District.

Automatic controls from the reservoir, to be located on top of the Arnettville Hill, near the county line, to the pump house will be installed to control the pumping of water.

Financing arrangement can be made under the provision of the Chapter 16, Article 13a of the W. Va. Code, for the work proposed above.

The miscellaneous materials necessary are as follows:

- 9200 Lin. Ft. 8" pipe
- 42,000 Lin. Ft. 6" pipe
- 4,500 Lin. Ft. 4" Pipe
- 35 Gate Valves
- 60 Miscl. Cast Iron Fittings
- 4 Fire Hydrants
- 250 metered service connections
- 1 - 200,000 Gallon Steel Reservoir
- 1 Pump House & Appurtenances
- 1 Remote Control System
- Miscl. Connections

All arrangements have been made to participate in the Accelerated Public Works Program for 50% of the construction costs. The remaining money required is to be financed through a Revenue Bond Issue. In order to finance the proposed \$180,000 Bond Issue, it will be necessary to establish water rates as follows:

RATES

First 5,000 Gallons used per month - \$2.00 Per 1,000 Gallon  
 All over 5,000 " " " " 1.00 Per 1,000 Gallon

MINIMUM CHARGE

5/8 Inch Meter, \$6.00 per month  
 1 Inch Meter, 15.00 per month  
 1¼ or 1½ Inch Meter, \$30.00 per month  
 2 Inch Meter, \$60.00 per month.

Where multiple service is rendered through one meter, the minimum charge shall be multiplied by the number of users.

DELAYED PAYMENT PENALTY

The above schedule is net on all accounts not paid in full within 30 days after date of bill, after which 10% will be added to the net amount shown. After 60 days of delinquency the service is to be discontinued.

RECONNECTION CHARGE

A reconnection charge of \$6.00 shall be made.

NEW SERVICE

A charge of \$100.00 or the actual cost, whichever is the greater amount, will be made.

In my opinion, the \$180,000 Revenue Bonds to be issued are adequately secured, and sufficient revenues will at all times be available to meet both the principal and interest requirements and pay operating expenses.

/s/ Marion F. Dunbar

Marion F. Dunbar,  
 Registered Professional  
 Engineer, Morgantown, W. Va.

June 1, 1963.

(continued)

COST OF PROJECT

92,000 Lin.Ft.of 8" Pipe @	\$ 5.00	\$46,000.00
42,000 " " " 6" Pipe @	4.00	168,000.00
4,500 " " " 4" Pipe @	3.00	13,500.00
35 Gate Valves @	75.00	2,625.00
60 Miscl. C. I. Fittings @	30.00	1,800.00
4 Fire Hydrants @	300.00	1,200.00
180 Metered Services @	100.00	18,000.00
1- 200,000 Gallon Reservoir	20,000.00	20,000.00
1 Pump House & Appurtenances	2,000.00	2,000.00
1 Remote Control	475.00	475.00
Pur hase of Existing Systems		14,000.00
Miscellaneous Connections		400.00

Total Construction Cost	\$288,000.00
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Engineering	23,000.00
Legal	7,000.00
Cap. Interest - 1 Yr. \$180,000 @ 5%	9,000.00
Administrative Cost	1,000.00
Contingencies	12,000.00

Total Project Cost	\$340,000.00
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REVENUE FROM PROJECT

250 Services @ \$72.00 Per Year	\$18,000.00
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OPERATIONAL COST

250 Services @ \$3,000 Gal. @ \$0.27	\$202.50
Pumping & Telephone	100.00
Meter Reading, Collection & Bookkeeping	125.00
Maintenance	72.50
	<u>\$500.00 x 12 = 6,000.00</u>
	\$12,000.00

DEBT REQUIREMENT

\$180,000 x 0.5828 = \$10,490.40	\$10,490.40
----------------------------------	-------------

Total Oper. & Debt Cost = \$16,490.00
---------------------------------------

NET PROFIT	\$ 1,509.60.
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This public service district was created by the County Court of Marion County under authorization of W. Va. Code Chapter 16, Article 13-A.

Since the valuable seams of Pittsburgh coal have been mined in the area of the District, existing water systems dependent upon wells have been depleted due to subsidance and the draining away of surface water. Many of the residents of the area carry water to their homes in containers for many miles. There is an acute need for a water distribution system in the area.

Dated this 3rd day of July, 1963.

PAW PAW DISTRICT ROUTE NO. 19 PUBLIC SERVICE DISTRICT

By Joseph P. Sullivan  
Joseph P. Sullivan,  
Chairman

Att. Division  
Attorney  
Home Savings Bank Bldg.,  
Fairmont, W. Va.

STATE OF WEST VIRGINIA  
COUNTY OF MARION

Joseph P. Sullivan, the Chairman of Governing Board of Paw Paw District Route No. 19 Public Service District, the public service district named in the foregoing application, being duly sworn, says that the facts and allegations therein contained are true, except so far as they are therein stated to be on information, and that so far as they are therein stated to be on information, he believes them to be true.

Joseph P. Sullivan  
Affiant

Taken, sworn to and subscribed before me this 3rd day of July, 1963.

Andrew L. Foley  
Notary Public in and for said County.

My Commission expires on the 5th day of December 19 65.

AUG 28 1963

SECRETARYS OFFICE  
**FILED**

THIS AGREEMENT, Made and entered into this 6th day of June, 1963, between Ralph E. Baker, d.b.a. Everetttsville Water Works, party of the first part and Paw Paw District Route No. 19 Public Service District, party of the second part;

## W I T N E S S E T H:

That for and in consideration of the sum of One Dollar (\$1.00) cash in hand paid, the receipt whereof is hereby acknowledged, and for the further consideration of the covenants and agreement hereinafter contained, the party of the first part, its successors and assigns, do hereby give and grant to the party of the second part the exclusive right or option to purchase at any time prior to December 31, 1964, the certificate of convenience and necessity authorizing the operation of a water plant at Everetttsville, Monongalia County, and the complete waterworks used or useful in furnishing water service to consumers in Everetttsville and vicinity, Monongalia County, West Virginia, including all supplies, equipment and materials now in the hands of the party of the first part intended for the use and benefit of said waterworks system, whether actually now incorporated therein or not, and including all rights-of-way easements, leaseholds, and titles to real estate now used or useful in or about said waterworks system, and being the same rights and property conveyed to the party of the first part by Tony Teso and wife by deed dated September 28, 1954, and recorded in Deed Book No. 514 at Page 343, for the sum of \$12,500.00 or the amount shown is the book value of the said proprietorship's capital account as of the date of transfer, provided the party of the second part shall on or before December 31, 1964, notify the said party of the first part, its successors or assigns, in writing that it will take, accept and purchase said waterworks system and property for the price aforesaid.

It is further agreed that should the party of the second part notify the party of the first part, its successors or assigns, on or before December 31, 1964, that it will take, accept and purchase said waterworks system and property, then said second party shall from and after the date of such notification have such additional time thereafter as it may need to examine the title to the waterworks system and property to be transferred, to secure the necessary funds for such purchase through the issuance and sale of waterworks revenue bonds, and to secure the approval of the Public Service Commission of West Virginia to the transfer of said waterworks system from the party of the first part to the party of the second part. And the party of the first part further agrees to join with and assist the party of the second part in the application to the Public Service Commission of West Virginia for its approval of such transfer.

The party of the first part further covenants and agrees to diligently correct or clear any defects, liens, or encumbrances that may be found against said waterworks system and property, or any part thereof, and that it will transfer and convey said system and property to the party of the second part free and clear of all liens and encumbrances and with covenants of special warranty.

The party of the second part further covenants and agrees that any money spent during the term of this agreement by the party of the first part for maintenance or capital improvements necessary to the continued operation of the present water system, shall be included in the consideration set forth aforesaid and reflected in the said proprietorship capital account.

Time is of the essence of this option, and if the party of the second part shall not notify the party of the first part, its successors or assigns, that it elects to take, accept and purchase said waterworks system and property at the price and upon the terms aforesaid, on or before December 31, 1964, then this agreement shall forthwith become null and void and of no effect without any liability whatever on either of the parties hereto.

IN WITNESS WHEREOF, Ralph E. Baker, d.b.a. Everettville Water Works, has caused its name to be signed by Ralph E. Baker, its owner, thereunto duly authorized this 6th day of June, 1963, and the Paw Paw District Route No. 19 Public Service District, has caused its name to be signed and its corporate seal to be hereunto affixed by Joseph Sullivin, its Chairman, thereunto duly authorized this 17th day of July, 1963.

Ralph E. Baker

By \_\_\_\_\_

Paw Paw District Rt. No. 19 Public  
Service District

By \_\_\_\_\_

Joseph Sullivin  
Chairman

STATE OF WEST VIRGINIA,

COUNTY OF Monongalia, TO-WIT:

I, Cecyle D. Foster Hark, a Notary Public

of the said County and State, do hereby certify that \_\_\_\_\_

Ralph E. Baker, who signed the writing hereto  
annexed, bearing date the 6th day of June, 1963

for the Everettsville water works, has this day in my said

County before me, acknowledged the said writing to be the act

and deed of said Everettsville water works.

Given under my hand this 7th day of July, 1963.

My commission expires on the \_\_\_\_\_ day of Nov., 1970.

Cecyle D. Foster Hark  
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF Mingo, TO-WIT:

I, Margaret Zimmerman, a Notary Public

of the said County and State, do hereby certify that \_\_\_\_\_

Joseph Sullivan, who signed the writing hereto  
annexed, bearing date the 27<sup>th</sup> day of August, 1963,

for the Paw Paw Rt. 19 Public Service Dist<sup>ri</sup>ct, has this day in my said

County before me, acknowledged the said writing to be the act

and deed of said Paw Paw Rt. 19 Public Service District.

Given under my hand this 27<sup>th</sup> day of August, 1963.

My commission expires on the 14<sup>th</sup> day of May, 1969.

Margaret Zimmerman  
Notary Public

## IN THE COUNTY COURT OF MARION COUNTY, WEST VIRGINIA

IN RE: ORDER CREATING PUBLIC SERVICE DISTRICT FOR WATER SUPPLY AND/  
OR SEWERAGE SERVICES TO BE CALLED "PAW PAW DISTRICT - ROUTE  
NO. 19 PUBLIC SERVICE DISTRICT"

On this 6th day of March, 1954, came a Committee composed of J. J. Migrack, Chas. Paugh, George E. Vincent, Patsy Harris, Arthur Trowbridge, P. M. Merrill, J. P. Sullivan, B. L. Clevenger, J. T. Ballah and J. Paul Brock, and various other interested persons and Roderick A. Devison, their Attorney, and Paul Edward Parker, Jr., Prosecuting Attorney of Marion County, upon an order of this Honorable Court entered on the 27th day of February, 1954, continuing this cause until this date, and this proceeding came on to be heard.

And now the said Committee, by Roderick A. Devison, their Counsel, tendered and asked leave to file a map showing the boundaries of the area to be included in the proposed District, and it appearing from the said map that the greater area of the proposed district is situated within Marion County, and that the proposed area is sufficiently described, the said map is hereby ordered to be, and is now filed.

Thereupon upon the motion and petition for the creation of a Public Service District for water and sewerage services as provided for in Article 13-A of Chapter 16 of the Code of the State of West Virginia heretofore filed, the said Committee, by Counsel, informed the Court that there are no Incorporated towns or cities lying within the boundaries of the said Public Service District and moved the Court for the creation of a Public Service District comprising that Portion of Paw Paw District situated between Big Paw Paw Creek and the Monongalia County line, outside the Rivesville Town limits, and including the Communities of Arnettsville, Crown and Georgetown, in Monongalia County a map of said territory to be included having this day been filed with the Court. The name of the proposed District to be called "PAW PAW DISTRICT-ROUTE NO. 19 PUBLIC SERVICE DISTRICT".

And now came the said Committee, by Counsel, and directed the Court's attention to their petition and motion in writing, for an order of the Court appointing three capable and discreet persons as Board Members to take charge of the operation of the proposed Public Service District, and conduct and manage the same in the manner provided by law, and moved for a hearing on said petitions and motions. Whereupon the Court heard further evidence adduced by petitioners, by witnesses who were first duly sworn, according to law.

Upon consideration whereof the Court is of opinion that the petition heretofore filed contains the names of 170 property owners and legal voters and residents of the proposed District, and that the said Public Service District for water and sewerage comprising that Portion of Paw Paw District situate between Big Paw Paw Creek and the Monongalia County line, outside the Rivesville Town limits, and including the Communities of Arnettsville, Crown and Georgetown, in Monongalia County as more particularly described in a map filed this day, should be created. It is therefore ordered, adjudged and decreed that the said Public Service District be and the same is hereby created. It is further ordered that the map filed herein be incorporated in this order by reference. It is further ordered that the name of the said District be called "PAW PAW DISTRICT-ROUTE NO. 19 PUBLIC SERVICE DISTRICT".

It is further ordered and adjudged and decreed that Lawrence F. Kerns, J. P. Sullivan and R. M. Merrill be and the same are hereby appointed Board Members with terms as follows: Lawrence F. Kerns, 6 years, J. P. Sullivan, 4 years, and R. M. Merrill, 2 years, the terms to run from the date hereof. It is further ordered that the said Board Members are to take charge of the said Public Service District and to conduct and manage the same in the manner provided by law.

All of which is accordingly ordered and adjudged. Entered this 6 day of March, 1954.

County Commissioners  
of  
Marion County, W. Va.

Harry Martin  
Harry Martin

Harry A. Conaway  
Harry A. Conaway

Clyde J. Wright  
Clyde J. Wright

AUG 28 1963

SECRETARYS OFFICE  
FILED

PPR X 2  
8 28-63 A 5754

THIS AGREEMENT, Made and entered into this 29th day of

July, 1957, between Crown Community Service, Inc. party of the first part and Paw Paw District-Rt. #19 Public Service District, party of the second part:

W I T N E S S E T H:

That for and in consideration of the sum of One Dollar (\$1.00) cash in hand paid, the receipt whereof is hereby acknowledged, and for the further consideration of the covenants and agreements hereinafter contained, the party of the first part, its successors and assigns, do hereby give and grant to the party of the second part the exclusive right or option to purchase at any time prior to December 31, 1958, the certificate of convenience and necessity authorizing the operation of a water plant at Crown, Monongalia County, and the complete waterworks system owned by the party of the first part, now or heretofore used or useful in furnishing water service to consumers in Crown, and vicinity, Monongalia County, West Virginia, including all supplies, equipment and materials now in the hands of the party of the first part intended for the use and benefit of said water-works system, whether actually now incorporated therein or not, and including all rights of way, easements, leasehold, and titles to real estate now used or useful in or about said waterwork~~a~~ system, excepting only the following items: None,

for the sum of \$12.00 per outstanding and active certificate in no case to exceed seventy (70) in number, totaling a maximum of \$840.00, provided the party of the second part shall on or before December 31, 1958, notify the said party of the first part, its successors or assigns, in writing that it will take, accept and purchase said waterworks system and property for the price aforesaid.

It is further agreed that should the party of the second part notify the party of the first part, its successors or assigns,

on or before December 31, 1958, that it will take, accept and purchase said waterworks system and property, then said second party shall from and after the date of such notification have such additional time thereafter as it may need to examine the title to the waterworks system and property to be transferred, to secure the necessary funds for such purchase through the issuance and sale of waterworks revenue bonds, and to secure the approval of the Public Service Commission of West Virginia to the transfer of said waterworks system from the party of the first part further agrees to join with and assist the party of the second part in the application to the Public Service Commission of West Virginia for its approval of such transfer.

The party of the first part further covenants and agrees to diligently correct or clear any defects, liens, or encumbrances that may be found against said waterworks system and property, or any part thereof, and that it will transfer and convey said system and property to the party of the second part free and clear of all liens and encumbrances and with covenants of general warranty.

The party of the second part further covenants and agrees that after notice is given to the party of the first part that the party of the second part will take, accept and purchase said waterworks system and property, that any moneys spent by the party of the first part for maintenance or capital improvements necessary to the continued operation of the present water system, shall be added to the proposed sale price to be paid for by the party of the second part.

Time is of the essence of this option, and if the party of the second part shall not notify the party of the first part, its successors or assigns, that it elects to take, accept and purchase said waterworks system and property at the price and upon the terms aforesaid, on or before December 31, 1958, then this agreement shall forthwith become null and void and of no effect without any liability whatever on either of the parties hereto.

It is further agreed that there will be no increase in the water rates until the present Crown water system is replaced by the new system.

IN WITNESS WHEREOF, Crown Comm. Ser. Inc. has caused its name to be signed by Geo. Turner ITS President, thereunto duly authorized this 29th day of July, 1957, and the Paw Paw District-Rt. #19 Public Service District, has caused its name to be signed and its corporate seal to be hereunto affixed by Lawrence Kerns, its President, thereunto duly authorized this 29th day of July, 1957.

Crown Comm. Ser. Inc.

By: Geo. Turner

Paw Paw District-Rt. #19 Public Service District.

By: Lawrence F. Kerns

By action of the Board of Directors of Crown Community Service Inc. at a special meeting held on the 17th day of March 1958, the above option dated July 29, 1957 has been extended from Dec. 31, 1958 until Dec. 31, 1959.

George Turner

Lawrence F. Kerns

On the 24th Day of August, 1963 the above Option has been extended from December 31, 1959 to December 31, 1963.

Glenn E. Herndon, Sr.

President-Crown Comm.

Joseph P. Sullivan  
Joseph P. Sullivan, Chairman of Paw Paw District - Rt. 19 Public Service District

## THE COUNTY COURT OF MARION COUNTY, WEST VIRGINIA

IN RE: ORDER FIXING A DATE FOR HEARING ON THE CREATION OF PAW PAW  
DISTRICT-ROUTE NO. 19 PUBLIC SERVICE DISTRICT.

WHEREAS, The records of this office show that on January 30, 1954, at 11:45 A.M. a motion and petition for the creation of a Public Service District was received and filed in the office of the Clerk of the County Court, and

WHEREAS, An informal hearing was had in the matter and the Court directed the Clerk to issue a notice for public hearing of the matter. Said hearing to be at 10:00 A.M. Saturday February 27, 1954. No formal order was entered at that time reflecting the action taken by the Court, and

WHEREAS, There are no minutes of the proceedings of the County Court of Marion County had on the 30th day of January, 1954, and

WHEREAS, Clyde J. Wright is now a member of said Court and was a member on January 30, 1954, and

WHEREAS, The said Clyde J. Wright recalls the proceedings fixing a date for hearing on the proposed water district, and has informed the Court of its regularity.

NOW THEREFORE, this order should have been entered on the 30th day of January, 1954, but being inadvertently omitted, is entered now for them.

On this 30th day of January, 1954, at a special session of the Court came Roderick A. Devison, Attorney at Law together with a committee representing a group of residents of Paw Paw District, Marion County, West Virginia and Grant District, Monongalia County, West Virginia and presented a petition signed by \_\_\_\_\_ residents of the area and moved the Court to fix a date of hearing on the creation of the proposed public service district.

Upon consideration whereof the Court is of opinion that a hearing should be held and it is ORDERED, ADJUDGED and DECREED that a hearing be

held to consider the creation of the proposed Public Service District, on Saturday, February 27, 1954, at 10:00 A.M. in the Court Room of the County Court of Marion County. It is further ordered that the Clerk of this Court publish a notice as provided by law fixing the date of hearing.

Enter this 23 day of April, 1963, as though it were entered on the 30th day of January, 1954.

Clyde J. Wright  
Clyde Wright

County Commissioners  
of  
Marion County,  
West Virginia.

John L. Gill  
John Gill

John M. Onderko  
John Onderko

ATTEST:

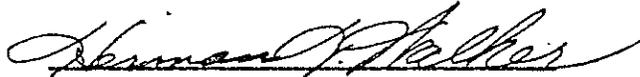
A TRUE COPY:

Jean E. Rozmus CLERK  
Chas. V. McCool DEPUTY

October 10, 1963

I certify that an Order creating Paw  
Paw District Route No. 19 Public Service District,  
showing that 170 property owners had signed a  
petition in the County Court of Marion County, has  
been filed with this Court.

There has also been filed an Order fixing  
a date for hearing and an Order appointing directors  
of the said Public Service District.



CLERK  
MONONGALIA COUNTY COURT  
Morgantown, West Virginia



# Marion County Commission

ALAN L. PARKS  
*Commissioner and President*

RANDY J. ELLIOTT  
*Commissioner*

WAYNE A. STUTLER  
*Commissioner*



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

May 21, 2008

Michael J. Demicco  
4709 Fairmont Ave.  
Rivesville, WV 26588

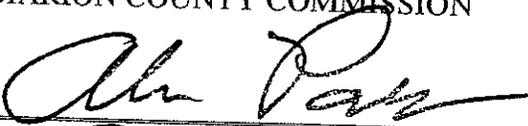
Dear Mr. Demicco:

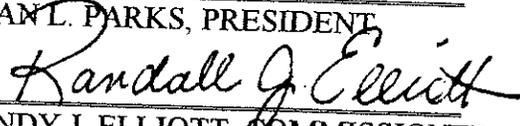
The Marion County Commission, in regular session on May 21, 2008, re-appointed you to serve as a member of the Paw Paw PSD. Your term will expire October 1, 2011.

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

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

MARION COUNTY COMMISSION

  
ALAN L. PARKS, PRESIDENT

  
RANDY J. ELLIOTT, COMMISSIONER

  
WAYNE A. STUTLER, COMMISSIONER

**MARION COUNTY COMMISSION**  
**November 16, 2005**  
**Page 4**

*The Commission received a notice of potential funding from EDI in the amount of \$96,224.00 for the Historic Marion County Jail Roof and Foundation. Richard Walton, County Planner has prepared this application for the Commission.*

*Commissioner Elliott moved that the Commission President sign the document. Motion died for lack of second.*

*The Commission received a request from Whitehall PSD for a study to extend sewer service in an undetermined amount, which was tabled from 11/2/05.*

*Commissioner Elliott moved to table this request from Whitehall PSD until all Commissioners are present. Acting President Parks seconded. Motion carried.*

*The Commission has sent correspondence to the Town of Pleasant Valley, informing them of an opening for a representative on the Marion County Development Authority, due to the passing of Nick Fantasia Sr. Pleasant Valley Mayor, Jack Bish has volunteered to be their representative for the unexpired term ending May 23, 2006.*

*Commissioner Elliott moved to accept the appointment of Jack Bish to the Marion County Development Authority for the term to expire May 23, 2006. Acting President Parks seconded. Motion carried.*

*The Commission had announced that there were terms on various Public Service Districts that were getting ready to expire or had already expired. The following individuals have been appointed to serve the new terms.*

*Jerry Walters- Colfax PSD- term to expire 11/23/2011*  
*Freeland Miller- Downs PSD- term to expire 9/10/2011*  
*Michael Webb- Greater Paw Paw PSD- term to expire 3/1/2011*  
*Robert Frame- Paw Paw PSD - term to expire 10/1/2011*

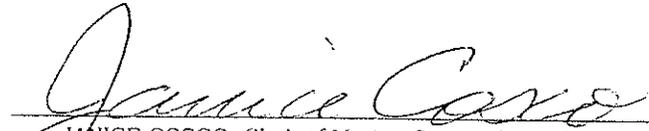
*Commissioner Elliott moved to accept the applications of Jerry Walters, Colfax PSD, Freeland Miller, Downs PSD, Michael Webb, Greater Paw Paw PSD and Robert Frame, Paw Paw PSD. Acting President Parks seconded and noted that the Commission is still looking for members for the Greater Marion PSD. Motion carried.*

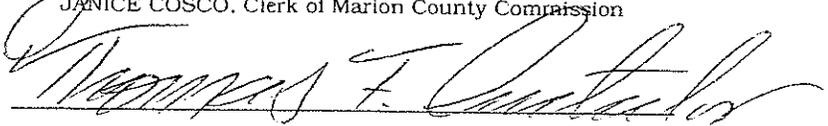
STATE OF WEST VIRGINIA,

COUNTY OF MARION, TO-WIT:

I, JANICE COSCO, CLERK AND RECORDER of the County Commission of Marion County, in the State of West Virginia, do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in ORDER BOOK POLICE & FISCAL COUNTY CLERK Book No. 61 at Page 828 of said record.

Given under my hand and Seal of said Office this 31ST day of MAY, 2007.

  
\_\_\_\_\_  
JANICE COSCO, Clerk of Marion County Commission

  
\_\_\_\_\_  
Deputy

**MARION COUNTY COMMISSION  
COUNTY COURT  
February 4, 2004**

The Marion County Commission sat in regular session pursuant to its adjournment on Friday, January 30, 2004. Present were President James Sago and Commissioner Alan Parks, two of the Commissioners of said County Commission.

The proceedings of Friday, January 30, 2004, together with those had and done under the supervision of Janice Cosco, Clerk and Recorder of the Marion County Commission on Monday, February 5, and Tuesday, February 6, 2004, were read in Open Court, approved and signed.

President Sago called the meeting to order. The minutes of Friday, January 30, 2004, were read and approved as read.

The first order of business is to convene the **Board of Review and Equalization**, as provided under Chapter 11, Article 3, Section 24, of the West Virginia Code, for the purpose of reviewing the records of the Assessor of Marion County, and to hear other matters as they come before the board.

Item number three on the agenda was the hiring of an attorney to work on a consolidation plan for the Public Service Districts in Marion County.

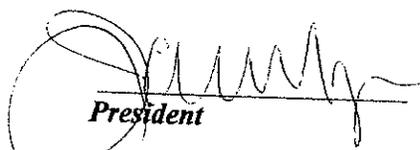
Commissioner Parks moved the County Commission table item number three. President Sago seconded. The motion carried.

The Marion County Commission has received applications for a thirty-day period for a vacancy on the **Paw Paw Route 19 Public Service District** for a new term that will expire October 1, 2009. One application has been received from **Robert James Arnett**.

Commissioner Parks moved the County Commission appoint **Robert James Arnett** to the **Paw Paw Route 19 Public Service District** for a term that will expire October 1, 2009. President Sago seconded. The motion carried.

There being no further business to come before the County Commission, it is ordered this Commission do now recess until **Friday, February 6, 2004, at 10:00 a.m.**

The County Commission will reconvene as a **Board of Review and Equalization at 10:30 a.m.**

  
President

STATE OF WEST VIRGINIA,

COUNTY OF MARION, TO-WIT:

I, JANICE COSCO, CLERK AND RECORDER of the County Commission of Marion County, in the State of West Virginia, do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in ORDER BOOK POLICE & FISCAL COUNTY CLERK Book No. 60 at Page 997 of said record.

Given under my hand and Seal of said Office this 31ST day of MAY, 2007.

  
\_\_\_\_\_  
JANICE COSCO, Clerk of Marion County Commission

  
\_\_\_\_\_  
Deputy



**State of West Virginia, S.S.:**

I, Robert James Arnett, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and I further solemnly swear that I will faithfully and impartially perform the duties of the office of Member of the Paw Paw Rt. 19 Public Service District  
Term to Expire: October 1, 2009

to the best of my skill and judgment. So help me God.

Robert James Arnett  
Robert James Arnett

Subscribed and sworn to before me, Janice Cosco, Clerk and Recorder of the  
Marion County Commission in and for said county, this 29th day of  
April, 20 08.

Janice Cosco  
Janice Cosco  
Barbara Ann Highway, Deputy

RON COOPER CC

STATE OF WEST VIRGINIA,  
Marion County, set:

Before me, JANICE COSCO, Clerk of the Commission of the County and State  
aforesaid, personally appeared ROBERT C. FRAME, who has been  
duly APPOINTED to the office of PAW PAW RT. 19 PSD and took and  
subscribed the following:

STATE OF WEST VIRGINIA,  
County of Marion, To-wit:

I, ROBERT C. FRAME, do solemnly swear that I will support the  
Constitution of the United States, and the Constitution of the State of West Virginia, and I further  
solemnly swear that I will faithfully and impartially perform the duties of the office of  
MEMBER OF THE PAW PAW RT. 19 PUBLIC SERVICE DISTRICT.  
TERM TO EXPIRE OCTOBER 1, 2005.

to the best of my skill and judgment. So help me God.

/S/ ROBERT C. FRAME

Subscribed and sworn to before me JANICE COSCO, CLERK & RECORDER

in and for said County this 30TH  
day of NOVEMBER, 19 99

NOTARY PUBLIC

JANICE COSCO

Commission Expires

19

BY: DONNA R. BOWLES, DEPUTY  
CLERK

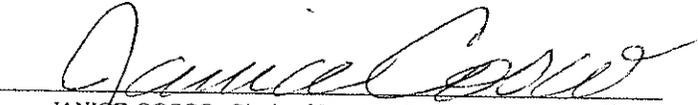
STATE OF WEST VIRGINIA,

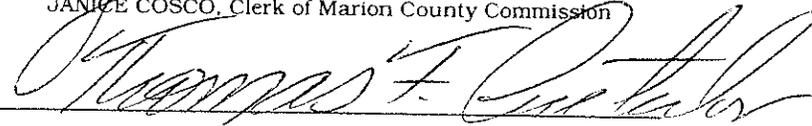
COUNTY OF MARION, TO-WIT:

I, JANICE COSCO, CLERK AND RECORDER of the County Commission of Marion County, in the State of West Virginia, do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in \_\_\_\_\_

OFFICAL OATHS Book No. 12 at Page 186 of said record.

Given under my hand and Seal of said Office this 31ST day of MAY,  
2007.

  
\_\_\_\_\_  
JANICE COSCO, Clerk of Marion County Commission

  
\_\_\_\_\_  
Deputy

**State of West Virginia, S.S.:**

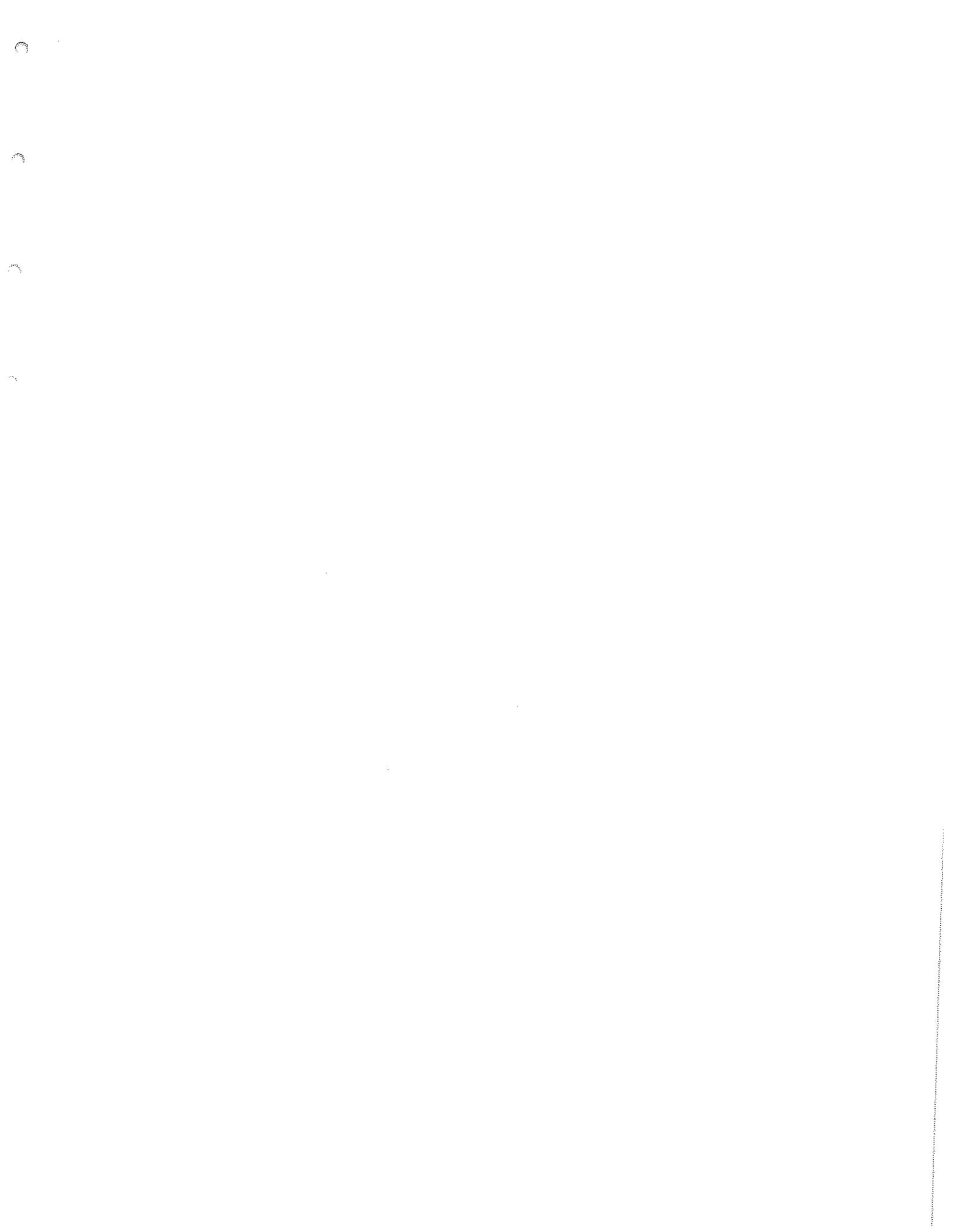
I, Michael J. Demicco, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and I further solemnly swear that I will faithfully and impartially perform the duties of the office of Member of the Paw Paw Rt. 19 PSD

to the best of my skill and judgment. So help me God.

*Michael J. Demicco*

Subscribed and sworn to before me, Janice Cosco, Clerk and Recorder of the Marion County Commission in and for said county, this 30th day of May, 20 08.

*Janice Cosco*  
*Thomas F. [Signature]*



## RULES OF PROCEDURE

### PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT

#### ARTICLE I

##### NAME AND PLACE OF BUSINESS

Section 1. Name: PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT.

Section 2. The principal office of Paw Paw District - Route No. 19 Public Service District (the "District") will be located at 150 Wiseman Road, Morgantown, Monongalia County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Paw Paw District - Route No. 19 Public Service District, and in the center shall be inscribed the corporate seal.

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

#### ARTICLE II

##### PURPOSE

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

#### ARTICLE III

##### MEMBERSHIP

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

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

## ARTICLE IV

### MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

### PUBLIC NOTICE OF MEETINGS

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

A. **Regular Meetings.** A notice shall be posted and maintained by the Secretary of the Board at the front door or bulletin board of the office of the District and, if different from the office, at the front door or bulletin board of the place fixed for regular meetings of the Board

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

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

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

## ARTICLE V

### OFFICERS

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

**Section 2.** The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at

a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

### DUTIES OF OFFICERS

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

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

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

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

## ARTICLE VII

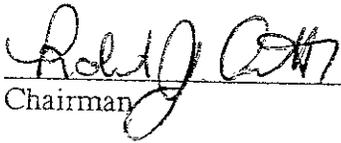
### AMENDMENTS TO RULES OF PROCEDURE

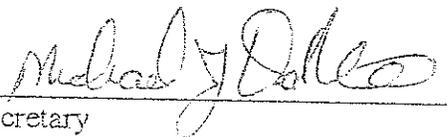
These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those

present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

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

Adopted this 7 day of May, 2007.

  
Chairman

  
Secretary

04.19.07  
691540.00001



March 12

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

**PUBLISHER'S CERTIFICATE**

by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on  
the 12th day of March, 2007.

2007 APR -2 AM 9:12

J. 07-0268-PWD-CN

VS. SERVICE  
W. VA. PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

W - RT. 19 PUBLIC SERVICE DISTRICT  
Application for a Certificate of Convenience and Necessity for a system upgrade  
project, all in Marion and Monongalia Counties.

**NOTICE OF FILING**

WHEREAS, on March 7, 2007, Paw Paw - Rt. 19 Public Service District filed an application,  
verified, for a Certificate for a system upgrade project to correct areas of the system that  
have produced numerous leaks, address pressure problems, provide fire protection to a grow-  
ing area, and to repair system components that do not meet West Virginia Department of Health  
standards, all in Marion and Monongalia Counties, West Virginia. The application is on file with  
and available for public inspection at the Public Service Commission, 201 Brooks Street,  
Charleston, West Virginia 25323.

STATE OF WEST VIRGINIA  
COUNTY OF MONONGALIA

I, James Matuga Advertising Manager of THE  
**DOMINION POST**, a newspaper of general  
circulation published in the City of Morgantown,  
County and State aforesaid, do hereby certify that

WHEREAS, Paw Paw - Rt. 19 Public Service District anticipates charging the following rates  
for its customers:

<b>RATE</b>		
First	2,000 gallons used per month	\$9.98 per 1,000 gallons
Next	3,000 gallons used per month	\$9.60 per 1,000 gallons
Next	5,000 gallons used per month	\$8.68 per 1,000 gallons
Next	10,000 gallons used per month	\$7.29 per 1,000 gallons
All over	20,000 gallons used per month	\$6.76 per 1,000 gallons

the annexed  
Legal Notice

**MINIMUM CHARGE**  
No bill will be rendered for less than the following amounts, according to the size of the meter  
installed, to-wit:

5/8 inch meter	\$19.96 per month
3/4 inch meter	\$29.94 per month
1 inch meter	\$49.90 per month
1 1/4 inch meter	\$72.85 per month
1 1/2 inch meter	\$99.80 per month
2 inch meter	\$159.68 per month
3 inch meter	\$299.40 per month
4 inch meter	\$499.00 per month
6 inch meter	\$998.00 per month

was published in the said **DOMINION POST** once a week  
for 1 successive weeks commencing on the  
12 day of March, 2007 and ending on the  
12 day of March, 2007

**RETURNED CHECK CHARGE**  
A service charge equal to the actual bank fee assessed to the District or a  
maximum of \$25.00 will be imposed upon any customer whose check for pay-  
ment is returned by their bank for insufficient funds.

The publisher's fee for said publication is \$ 160.55  
Given under my hand this 23 day of March,  
2007

**RECONNECTION CHARGE**  
\$20.00  
To be charged whenever the supply of water is turned off for violations of rules,  
nonpayment of bills for fraudulent use of water.

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

A tap fee of \$225.00 will be charged to call customers who apply for service  
outside of a certificate proceeding before the Public Service Commission for  
each new tap to system.

*James Matuga*

(SEAL)

**DELAYED PAYMENT PENALTY**  
The above schedule is net. On all accounts not paid in full when due, ten per-  
cent (10%) will be added to the net current amount unpaid. This delayed pay-  
ment penalty is not interest and is to be collected only once for each bill where  
it is appropriate.

Advertising Manager of THE **DOMINION POST**

Subscribed and sworn to before me this 23  
day of March, 2007

**LEAK ADJUSTMENT INCREMENT**  
\$4.83 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 die of the meter. This rate is used to calcu-  
late consumption above the customer's historical average usage.

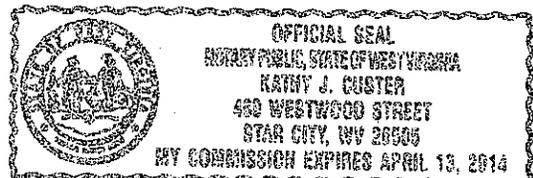
*Kathy J. Custer*

Notary Public of Monongalia County, W.Va.

My commission expires on the 13 day of April,  
2014

The proposed increased rates and charges will produce approximately \$89,898 annually in  
additional revenue, an increase of 54%.

Pursuant to 24-2-11, West Virginia Code, IT IS ORDERED that Paw Paw - Rt. 19 Public Service  
District give notice of the filing of said application, by publishing a copy of this order once in a  
newspaper duly qualified by the Secretary of State, published and of general circulation in Mari-  
on and Monongalia Counties, making due return to this Commission of proper certification of  
publication immediately after publication. Anyone desiring to protest or intervene should file a  
written protest or notice of intervention within 30 days following the date of this publication  
unless otherwise modified by the Commission order. Failure to timely protest or intervene can  
waive your right to protest aspects of this certificate case, including any associated rate in-  
creases, or to participate in future proceedings. All protests or requests to intervene should  
state the reason for the protest or intervention. Requests to intervene must comply with  
Commission's rules on interventions and should be addressed to Sandra Squire, Executive  
Secretary, P.O. Box 812, Charleston, West Virginia 25323.



IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period,  
the Commission may waive formal hearing and grant the application based on the evidence  
submitted in said application and its review thereof.

Sandra Squire  
Executive Secretary

Legals

PUBLIC SERVICE  
COMMISSION OF WEST  
VIRGINIA CHARLESTON

Entered by the PUBLIC  
SERVICE COMMISSION  
OF WEST VIRGINIA in the  
City of Charleston, on the  
6th day of March 2007.  
CASE NO:  
07-0268-PWD-CN

PAW PAW - RT. 19  
PUBLIC SERVICE  
DISTRICT

Application for a Certificate  
of Convenience and Necessity  
for a system upgrade  
project, all in Marion and  
Monongalia Counties.  
NOTICE OF FILING

WHEREAS, on March 7,  
2007, Paw Paw Rt. 19 Public  
Service District filed an  
application, duly verified for  
a Certificate for a system  
upgrade project to correct  
areas of the system that  
have produced numerous  
leaks, address pressure  
problems provide fire protection  
to a growing area,  
and to repair system components  
that do not meet  
West Virginia Department  
of Health standards, all in  
Marion and Monongalia  
Counties, West Virginia.  
The application is on file  
with and available for public  
inspection at the Public  
Service Commission, 201  
Brooks Street, Charleston,  
West Virginia 25323.

WHEREAS, Paw Paw - Rt.  
19 Public Service District  
estimates that the construction  
and improvements will  
cost approximately  
\$2,380,000. It is proposed  
that the project will be financed  
thru a \$1,000,000  
grant thru the RUS and a  
loan thru the RUS in the  
amount of \$1,380,000 at an  
estimated interest rate of  
4.75% for 38 years.

WHEREAS, Paw Paw Rt.  
19 Public Service District  
anticipates charging the following  
water rates for its  
customers:

First 2,000 gallons used per  
month  
\$0.99 per 1,000 gallons  
Next 3,000 gallons used  
per month

AFFIDAVIT OF PUBLICATION 006958  
RECEIVED

State of West Virginia

County of Marion, to wit:

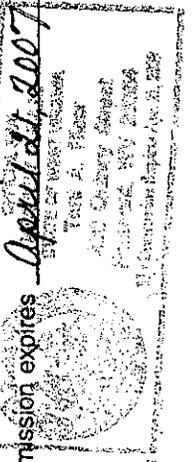
I, Juli Ann M Sed, being first duly sworn upon my oath,  
W V PUBLIC SERVICE

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

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

that the annexed notice of Public Sale Comm - 07/22/08 was duly published in said  
newspaper once week for 1 successive week (Class I), commencing with  
the issue of the 9 day of March 2007, and ending with the issue of the 9  
day of March 2007, and was posted at the front door of the Marion County Courthouse on  
the 9 day of March 2007; that said annexed notice was  
published on the following dates: March 9 2007

and the cost of publishing said annexed notice as aforesaid was \$ 186.00  
Juli Ann M Sed  
Taken, subscribed and sworn to before me in said county this 14 day of March 2007



Joni A. Huen  
Notary Public of Marion County, West Virginia

Next 5,000 gallons used per month  
 \$8.68 per 1,000 gallons  
 Next 10,000 gallons used per month:  
 \$7.25 per 1,000 gallons  
 All over 20,000 gallons used per month  
 \$6.76 per 1,000 gallons

**MINIMUM CHARGE:**

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

5/8 inch meter \$19.98 per month  
 3/4 inch meter \$29.94 per month  
 1 inch meter \$49.90 per month  
 1 - 1/4 inch meter \$72.65 per month  
 1 - 1/2 inch meter \$99.80 per month  
 2 inch meter \$159.68 per month  
 3 inch meter \$299.40 per month  
 4 inch meter \$499.00 per month  
 6 inch meter \$998.00 per month

**RETURNED CHECK CHARGE**

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

**RECONNECTION CHARGE**

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

**TAP FEE**

The following charge is to be made whenever the utility installs a new tap to serve an applicant:  
 A tap fee of \$250.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Public Service Commission for each new tap to the system.

**DELAYED PAYMENT PENALTY**

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

**LEAK ADJUSTMENT IN-CREMENT**

\$4.83 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 is used to calculate consumption above the customer's historical average usage.

The proposed increased rates and charges will produce approximately \$88,898 additional revenue, an increase of 54%.

Pursuant to 24-2-11, west Virginia Code, IT IS ORDERED that Paw Paw - Rt. 19 Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Martin and Monongalia Counties, making due return to this Commission of proper certification of publication immediately after publication within 30 days following the date of this publication unless otherwise modified by the Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on interventions and should be addressed to Sandra Squire, Executive Secretary, PO Box 812 Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

A true Copy, Teste:

Sandra Squire  
 Executive Secretary

March 9, 2002



Paw Paw Rt. 19 - PSD  
Meeting Minutes  
Monday January 7, 2008

RMA  
MJD  
RCF

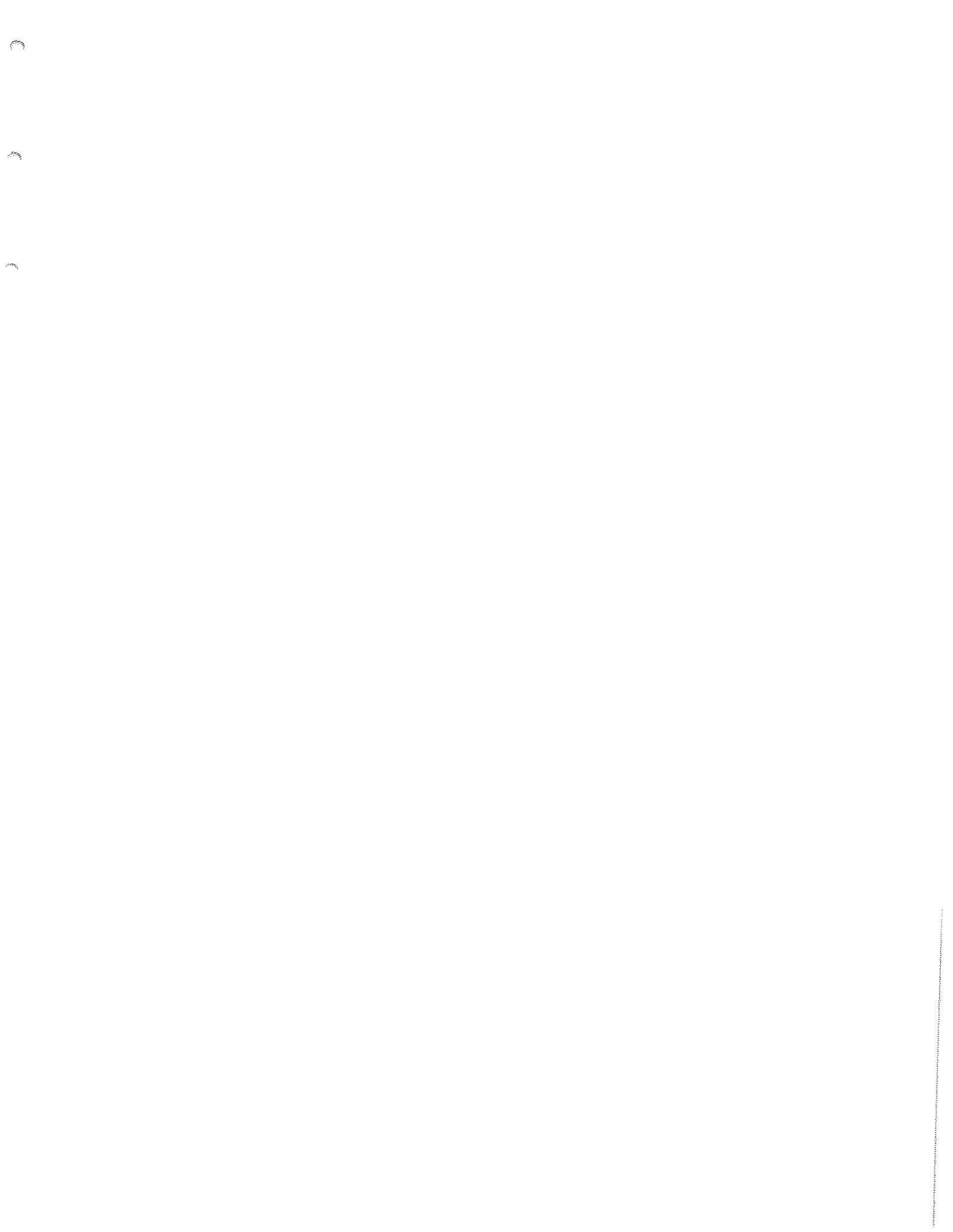
Attendees: Robert Arnett, Robert Frame, Michael DeMicco, William Malone, Carlton Wade, Dan Ferrell Representing Thrasher Engineering, and Jim Prutilpac Representing Serenity Estates

#### Meeting Agenda

1. Call to Order – The meeting was called to order by Chair Robert Arnett at 6:47pm.
2. Review of Minutes of Previous Meeting – The directors reviewed the minutes from the previous meeting. The minutes were approved with no changes.
3. System Improvement Project Update
  - Serenity Estates Update – The design is complete. A permit is needed from the Health Department for the project. Dan Ferrell recommended that the PSD request a shop drawing from the developer (Serenity Estates) since Serenity will be acquiring and arranging for the installation of the pump to service the development. The developer has discussed the option of acquiring parts locally and assembling the pump house to service the development. Director expressed a desire to acquire a complete solution. William Malone who has been working with the developer on behalf of the PSD will contact Chuck Prutilpac to discuss the board's concerns. Robert Arnett signed the Alternate Main Line extension agreement so the work to lay distribution lines for the development could proceed. The agreement was discussed and the board had voted to proceed with an alternate main line agreement in a previous meeting.
  - Rights of Way – Prior to the meeting 9 of the 19 signed rights of way agreements have been received. Two signed agreements were presented to Dan Ferrell during the course of the meeting. Dan indicated that 2 signed agreements were expected from Consol Energy. Two agreements are pending from David White. William Malone agreed to follow up with Billy Joe Allen. Dan is waiting on the revised agreement for the pump house (Crites Property) from the attorney David Glover. Three of the agreements need follow up. Robert Arnett has the action to follow up with KRAY Security, Michael DeMicco took the action to follow up with Al and Jennifer Steele. At this point, it appears that 13 of the agreements are completed. The PSD is nearing the 80% required for the project to be bid.
4. Calendar Year 2008 Meeting Schedule – The proposed meeting schedule for 2008 listed in the meeting agenda was discussed. Robert Frame made the motion to adopt the proposed meeting schedule. Michael DeMicco seconded the motion. The motion carried. The calendar year 2008 meeting schedule is as follows:
  - January 7, 2008

- February 4, 2008
- March 3, 2008
- April 7, 2008
- May 5, 2008
- June 2, 2008
- July 7, 2008
- August 4, 2008
- September 1, 2008
- October 6, 2008
- November 3, 2008
- December 1, 2008

5. Water Loss Report – The water loss was down to 26% for December 2007. In December, a leak occurred and was repaired at Hawkenberry Hollow.
6. Review of Finances – The finances of the PSD continue to improve.
7. Election of Officers
  - Chairman: Robert Frame made the motion that Robert Arnett serve as the PSD Chairman for 2008. Michael DeMicco seconded the motion. The motion carried.
  - Secretary: Robert Frame made the motion that Michael DeMicco serve as the PSD Secretary for 2008. Robert Arnett seconded the motion. The motion carried.
8. Adjourn – After the election of officers, the meeting adjourned



PAW PAW DISTRICT – ROUTE NO. 19 PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

MINUTES ON ADOPTION OF BOND RESOLUTION,  
AND DRAW RESOLUTION

The undersigned SECRETARY of the Public Service Board of Paw Paw District - Route No. 19 Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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\*\*\*

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The Public Service Board of Paw Paw District - Route No. 19 Public Service District met in special session, pursuant to notice duly posted, on the 5th day of June, 2008, at the USDA offices, 75 High Street, Morgantown, Monongalia County, West Virginia, at the hour of 1:00 p.m.

PRESENT:           Robert Frame  
                          Michael DeMicco  
                          Robert Arnett

Robert Arnett, Chairman, presided, and Michael DeMicco, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF PAW PAW DISTRICT - ROUTE NO. 19 PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,380,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER

OF THE BONDS; AND PROVIDING WHEN THIS  
RESOLUTION SHALL TAKE EFFECT.

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

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

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

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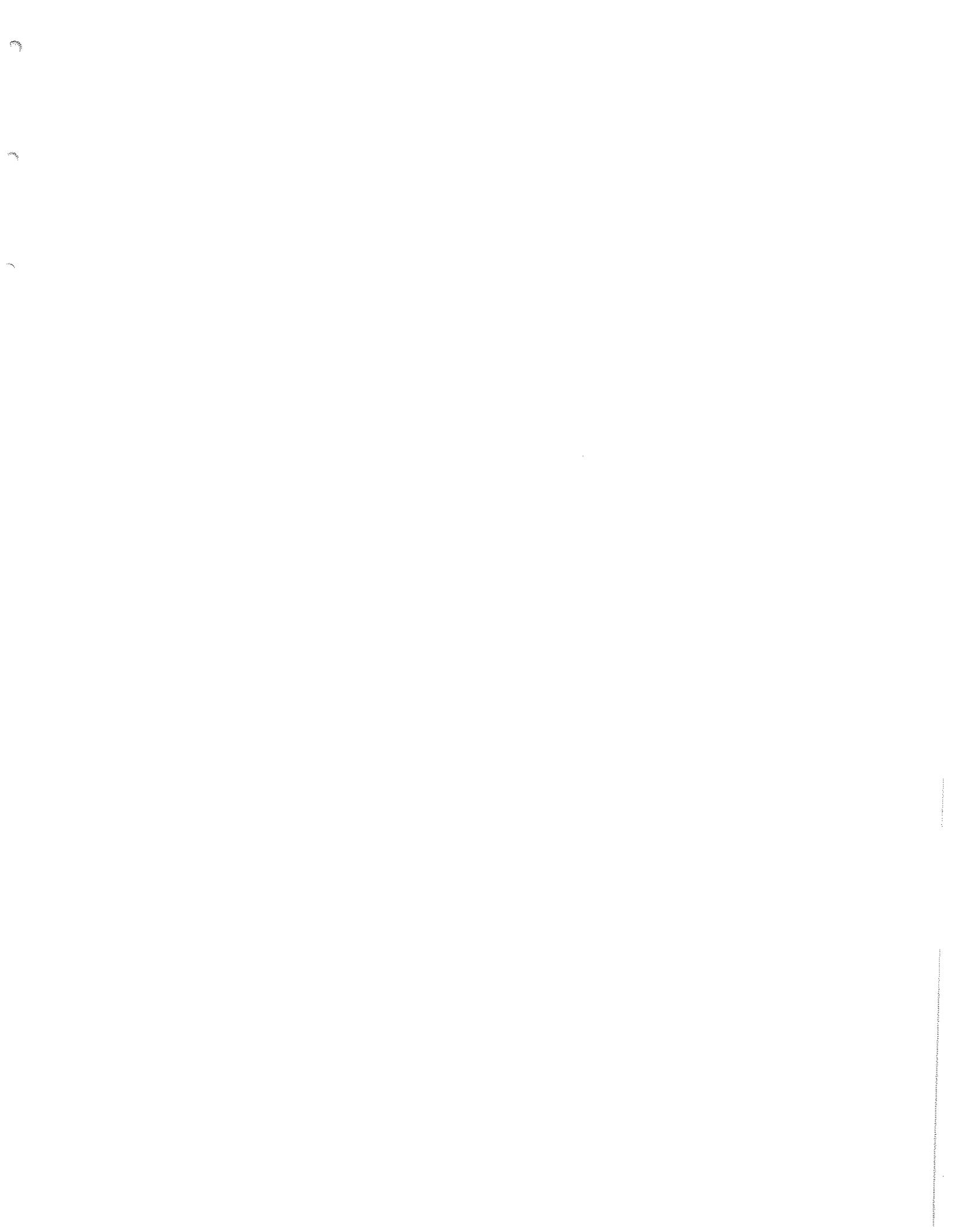
CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Paw Paw District – Route No. 19 Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 9th day of June, 2008.

  
Secretary

05.28.08  
691540.00001



**WV MUNICIPAL BOND COMMISSION**

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

**NEW ISSUE REPORT FORM**

Date of Report: 9-Jun-08

(See Reverse for Instructions)

ISSUE: Paw Paw District - Route No. 19 Public Service District  
Water Revenue Bonds, Series 2008 A (United States Department of Agriculture)

ADDRESS: Post Office Box 2316, Westover, WV 26502 COUNTY: Monongalia &

PURPOSE OF ISSUE: Marion Counties

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

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 9-Jun-08

CLOSING DATE: 9-Jun-08

ISSUE AMOUNT: \$1,380,000

RATE: N/A

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A

PAYING AGENT: Issuer

BOND COUNSEL:  
Firm: Stephoe & Johnson PLLC  
Contact John Stump, Esquire  
Phone: (304) 353.8196

UNDERWRITERS COUNSEL  
Firm: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

CLOSING BANK:  
Bank: N/A  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

ESCROW TRUSTEE:  
Firm: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact: Michelle Malone  
Position: Business Manager  
Phone: (304) 983.5633

OTHER:  
Agency: United States Department of  
Agriculture  
Contact: Joe Crickenberger  
Position: Rural Development Specialist  
Phone: (304) 636.2158

DEPOSITS TO MBC AT CLOSE  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_  
To Escrow Trustee \$ \_\_\_\_\_  
To Issuer \$ \_\_\_\_\_  
To Cons. Invest. Fun: \$ \_\_\_\_\_  
To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: Monthly debt service payments will be made directly to the National Finance Office.  
The Municipal Bond Commission will only hold the Series 2008 A Bonds Reserve Account.  
Payments into the Series 2008 A Bonds Reserve Account will commence 24 months following  
the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

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

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





*Bond Counsel*

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

April 11, 2006

**COPY**

Robert C. Frame, Chairman  
Paw Paw – Rt. 19 Public Service District  
P.O. Box 2316  
Westover, WV 26502

Dear Mr. Frame:

This letter, with Attachments 1 through 13 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$1,380,000, and an RUS grant in the amount of \$1,000,000, for a total project cost of \$2,380,000.

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 for Paw Paw – Rt. 19 PSD Water System Improvement Project (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)

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500  
Phone: (304) 284-4860 • 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."

- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)  
 Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"  
 Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)  
 Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"  
 Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"  
 Attachment No. 11 - Sample Credit Agreement (Applicant Copy)  
 Attachment No. 12 - RUS Policy regarding Use of Remaining Funds  
 Attachment No. 13 - 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 4.375% interest rate and a monthly amortization factor of .00451, which provides for a monthly payment of \$6,224. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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

- ✓ 2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
- ✓ 3. Users - This conditional commitment is based upon you providing evidence that there will be at least 516 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the PSD's existing water system which is to be partially

replaced by the new system, at the time you request authorization to advertise the project for construction bids.

Before 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 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. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience, the 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 your PSD. The attached booklets, "Government Auditing Standards (Revised 2003)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget

Circular A-133 are applicable to any public body or nonprofit association that expends \$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 PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
  - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
  - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
  - e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the

PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

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

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

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

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

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

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

- ✓a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- ✓b. Workers' Compensation - In accordance with appropriate State laws.
- ✓c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum

amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to \$300,000 (estimated highest monthly construction drawdown). Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

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

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

12. Contract Documents, Final Plans and Specifications -

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

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

enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

- b. The contract documents must provide, as a minimum, the following insurance:
- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
  - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
  - (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.
- ✓ 14. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 11).
15. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

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

The PSD will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal

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

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

16. Water Purchase Contract - You propose to purchase treated water from the City of Fairmont; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
17. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
  - Form RD 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"
  - Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
  - Certification of Compliance
  - Form RD 1942-46, "Letter of Intent to Meet Conditions"
18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
19. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative

conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

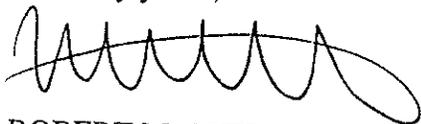
The "RUS Policy Regarding Use of Remaining Funds" is attached for your information and use (Attachment No. 12). This policy should be adhered to when addressing the use of bid underrun funds, as well as any funds remaining after project construction is complete.

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

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

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

Sincerely yours,



ROBERT M. STEPTOE, III  
State Director

Enclosures

cc: Rural Development Specialist  
Elkins, WV

Gary K. Bennett, CPA  
317 Cleveland Ave.  
Fairmont, WV 26554

David C. Glover  
Smith, McMunn & Glover, PLLC  
516 West Main Street  
Clarksburg, WV 26301

Dan Ferrell, P.E.  
Thrasher Engineering  
P.O. Box 1532  
Clarksburg, WV 26301

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 831,340	\$ 900,000	\$ 1,731,340
CONST. CONTINGENCY	\$ 69,000	\$ 70,500	\$ 139,500
LAND & RIGHTS		\$ 10,000	\$ 10,000
LEGAL FEES	\$ 3,000	\$ 12,000	\$ 15,000
BOND COUNSEL		\$ 20,000	\$ 20,000
ACCOUNTING		\$ 4,000	\$ 4,000
ENGINEERING FEES	\$ 84,000	\$ 209,000	\$ 293,000
Preliminary - \$20,000			
Design - \$120,000			
Insp. - \$125,000			
Special - \$20,000			
Aerial Mapping - \$8,000			
INTEREST		\$ 120,000	\$ 120,000
PERMITS		\$ 20,000	\$ 20,000
EQUIPMENT	\$ 2,160	\$ -	\$ 2,160
PROJECT CONTG.	\$ 10,500	\$ 14,500	\$ 25,000
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>\$ 1,380,000</b>	<b>\$ 2,380,000</b>

Rates

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$	9.98	per M gallons
Next	3,000	gallons @	\$	9.60	per M gallons
Next	5,000	gallons @	\$	8.68	per M gallons
Next	10,000	gallons @	\$	7.29	per M gallons
Over	20,000	gallons @	\$	6.76	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	\$	19.96	per month
3/4"	meter	\$	29.94	per month
1"	meter	\$	49.90	per month
1 1/2"	meter	\$	99.80	per month
2"	meter	\$	159.68	per month
3"	meter	\$	299.40	per month
4"	meter	\$	499.00	per month
6"	meter	\$	998.00	per month
8"	meter	\$	1,596.80	per month

Minimum Monthly Bill \$ 19.96 for 2,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$250.00

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

Reconnection Charge

\$20.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions  
 For: Paw Paw Rt. 19 PSD - Water Project  
 Date: April 11, 2006

**PAW PAW RT. 19 PSD - WATER SYSTEM IMPROVEMENT PROJECT  
 USE AND INCOME ANALYSIS  
 EXISTING SYSTEM--PROPOSED RATES**

Blocking	Cust.	Gal/ Mo.	(First 2,000) Minimum Bills	Next 3,000	Next 5,000	Next 10,000	Over 20,000	TOTAL REVENUE					
Minimum (2,000)	116	128.40	116										
2,001 - 5,000	249	849.99	249	351.99									
5,001 - 10,000	135	870.11	135	405.00	195.11								
10,001 - 20,000	15	183.19	15	45.00	75.00	33.19							
Over 20,000	1	79.69	1	3.00	5.00	10.00	59.69						
<b>Monthly Total</b>	<b>516</b>	<b>2111.38</b>	<b>516</b>	<b>804.99</b>	<b>275.11</b>	<b>43.19</b>	<b>59.69</b>						
<b>Proposed Rates</b>													
		\$	19.96	\$	9.60	\$	8.68	\$	7.29	\$	6.76		
<b>Monthly Revenues</b>													
		\$	10,299.36	\$	7,727.90	\$	2,387.95	\$	314.86	\$	403.50	\$	21,133.58
<b>Annual Revenues</b>													
		\$	123,592.32	\$	92,734.85	\$	28,655.46	\$	3,778.26	\$	4,842.05	\$	253,602.94

Adjustment Factor Rule 42 = 0.985411  
 Rounded Adjusted Annual Revenue = \$ 249,903.00

4,500 Gallons Per Month = \$ 43.96

Attachment No. 1 to the Letter of Conditions  
 For: Paw Paw Rt. 19 PSD Water Project  
 Date: April 11, 2006

**PAW PAW RT. 19 PSD - WATER SYSTEM IMPROVEMENT PROJECT  
 OPERATING BUDGET - PROPOSED RATES**

OPERATING INCOME		
Metered Sales	\$	249,903
Forfeited Discounts	\$	4,018
Misc. Service	\$	1,660
Other Income	\$	-
TOTAL OPERATING INCOME		<u>\$ 255,581</u>
NON OPERATING INCOME		
Interest income	\$	-
TOTAL NON OPERATING INCOME		<u>\$ -</u>
TOTAL INCOME		<u>\$ 255,581</u>
EXPENSES		
O & M	\$	161,337
Taxes	\$	-
TOTAL EXPENSES		<u>\$ 161,337</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 94,244</u>
DEBT SERVICE		
Existing Bond P & I (B)	\$	6,780 (\$ 565/month)
Proposed Bond P & I (B) (1)	\$	74,688 \$ 6,224.00 per month
TOTAL DEBT SERVICE		<u>\$ 81,468</u>
DEBT SERVICE RESERVE		
Existing Debt Service Reserve	\$	1,356 (20% of debt payment)
Existing Repair & Replacement R	\$	- (\$100/ mo. existing loan - Funded)
Debt Service Reserve Proposed	\$	7,469 (10% of proposed payment)
TOTAL RESERVES		<u>\$ 8,825</u>
SURPLUS (DEFICIT)		<u><u>\$ 3,951</u></u>
DEBT COVERAGE (A/B)		\$ 1.16

(1) Based on RUS loan of \$1,380,000.00 @ 4.375% for 38 years; and an RUS grant of \$1,000,000.

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

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	DUNS Number	1		Applicant		HAVE	3
	CAIVRS Number	1		RUS		HAVE	CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		HAVE	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		HAVE	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6
EJCDC No. 1910-1-FA							

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 Report	2	1794	RUS/ Engineer		HAVE	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		HAVE	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS			3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Statement reporting the <u>total</u> number of <u>potential</u> users		1780.33(c)	Applicant/ Engineer		HAVE	8
	Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		HAVE	3
	Documentation on Service Area	1	1780.11	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			1
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Summary	3	1780.41(a)	RUS			1
CPAP Form	Underwriting Information	3	1780.41(a)	RUS			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

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collect- ion Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
	Loan Agreement	2	1780.14	RUS			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		HAVE	5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant		HAVE	3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant		HAVE	3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

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

RUS Instruction 1780

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

§1780.80 General.

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

§1780.81 Policies related to use of bond counsel.

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

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

§1780.82 [Reserved]

**§1780.83 Bond transcript documents**

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

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

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

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

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

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

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

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

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

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

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

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

(i) Principal maturities and due dates;

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

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

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

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

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

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

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

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

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

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

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

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

- (a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than \$1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.
- (b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§1780.95 Public bidding on bonds.

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

§§1780.96 - 1780.100 [Reserved]



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

THIS AGREEMENT dated June 9, 2008 between

Paw Paw District Rt No 19 Publ Svc Dist

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 \$ 2,380,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,380,000 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 \$ 1,380,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 1,000,000 or 42.02% 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 42.02% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

**GRANTEE AGREES THAT GRANTEE WILL:**

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

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

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

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

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

[Revision 1, 04/17/1998]

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

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

**First statutory lien on the entire water system.**

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

[Revision 1, 04/17/1998]

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

[Revision 1, 11/20/1997]

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

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

[Revision 1, 11/20/97]

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

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

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$1,000,000.00 which it will advance to Grantee to meet not to exceed 42.02% 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.

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.

Termination of This Agreement

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

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

\_\_\_\_\_ and attested and its corporate seal affixed by its duly authorized

Attest:

By: Robert C Frame

(Title) Board Member

By: Robert J. Amitt

(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: J. B. [Signature] Rural Development Specialist  
(Title)



Paw Paw District - Route No. 19 Public Service District  
Water Revenue Bonds, Series 2008 A  
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Centra Bank, Morgantown, West Virginia (the "Bank"), hereby certify that on June 9, 2008, the Bank received an automated transfer in the amount of \$196,500 to the credit of the Series 2008 A Project Construction Account, Account Number 0060300809.

WITNESS my signature on this 9th day of June, 2008.

CENTRA BANK

By: *Cathy Rose*  
Its: Authorized Officer

05.28.08  
691540.00001



120K green per mil. in file

PSWD#: WV3302518

10-288  
permit  
file

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

*Dan F.*  
*AA*

WASHINGTON and CAPITOL STREETS

1 DAVIS SQUARE, SUITE 200  
TELEPHONE 304-558-2981

CHARLESTON, WEST VIRGINIA 25301

PERMIT RECEIVED

SCANNED

PROJECT: (Water)  
Water System Upgrades & Improvements

PERMIT NO: 1

LOCATION: Crown, Hagans  
and Everettsville

COUNTY: Marion/Monongalia NOV 30 2006

DATE: 11-27-2006

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

THRASHER ENGINEERING, INC.

Paw Paw Route 19 Public Service District  
P. O. Box 2316  
Westover, West Virginia 26502

is hereby granted approval to: install approximately 7,312 LF of 8", 19,897 LF of 6", 3,764 LF of 4", 1,313 LF of 3" and 590 LF of 2" water line; replace the existing 130 G.P.M. water booster station with a 170 G.P.M. duplex water booster station with booster chlorination and telemetry; add a 51 G.P.M. duplex water booster pump station with booster chlorination and telemetry; add a new 122,000 gallon water storage tank with telemetry; refurbish and repaint the existing Hagans water storage tank; demolishing the existing Arnettsville School water storage tank; and all necessary valves, controls and appurtenances.

Facilities are to serve the Paw Paw Route 19 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; 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer and water lines, with the water line to be above the sewer line; and 3) The installation of a minimum six (6) feet high fence with a locking gate around the proposed 122,000 gallon water storage tank.

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

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

FOR THE DIRECTOR

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

WSH:emt

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