

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)**

BOND TRANSCRIPT

Closing Date: October 26, 2009

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PENDLETON COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)**

BOND RESOLUTION

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**PENDLETON COUNTY PUBLIC SERVICE DISTRICT
RESOLUTION**

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$253,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 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 PENDLETON COUNTY 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. Pendleton County Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Pendleton County of said State, duly created pursuant to the Act by The County Commission of Pendleton County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain

additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of construction of two inch and six inch water lines, a 74,000 gallon storage tank and a 50 gpm booster station, together 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 (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 \$3,143,000 of which \$253,000 will be obtained from the proceeds of sale of the Series 2009 A Bonds, herein authorized; \$700,000 as a grant from the Purchaser; \$1,500,000 as a Small Cities Block Grant; and \$690,000 from a West Virginia Infrastructure Fund Grant.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), in the aggregate principal amount of \$253,000 (the "Series 2009 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 2009 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 2009 A Bonds as to liens, pledge and source of and security for payment: (i) Water Revenue Bonds, Series 1983 (United States Department of Agriculture), dated May 5, 1983 issued in the original aggregate principal amount of \$92,000 (the "Series 1983 Bonds"); (ii) Water Revenue Bonds, Series 1985 (United States Department of Agriculture), dated September 17, 1985 issued in the original aggregate principal amount of \$160,000 (the "Series 1985 Bonds"); (iii) Water Revenue Bonds, Series 1987 (United States Department of Agriculture), dated July 28, 1987 issued in the original aggregate principal amount of \$432,000 (the "Series 1987 Bonds"); and (iv) Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 10, 1996 issued in the original aggregate principal amount of \$450,000 (the "Series 1996 Bonds") (collectively, 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 2009 A Bonds as to liens, pledge and/or source of and security for payment.

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 2009 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated February 11, 2008, 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 2009 A Bonds, or will have so complied prior to issuance of the Series 2009 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 2009 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 2009 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 2009 A Bonds and the Prior Bonds.

“Chairman” means the Chairman of the Governing Body.

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

“Consulting Engineer” means Cerrone Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

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

“FDIC” means the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

“Letter of Conditions” means, collectively, the Letter of Conditions of the Purchaser dated February 11, 2008, and all amendments thereto, if any.

“Minimum Reserve” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 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, collectively, the Series 1983 Bonds, Series 1985 Bonds, Series 1987 Bonds and Series 1996 Bonds.

“Prior Resolution” means, collectively, the resolutions of the Issuer, respectively, adopted authorizing the issuance of 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 Board of Treasury Investments to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

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

"Reserve Funds" means, the respective reserve funds for the Series 2009 A Bonds and the Prior Bonds.

"Resolutions" means, collectively, the Prior Resolutions and 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 1983 Bonds” means the Issuer’s Water Revenue Bonds, Series 1983 (United States Department of Agriculture), dated May 5, 1983, issued in the original aggregate principal amount of \$82,000.

“Series 1985 Bonds” means the Issuer’s Water Revenue Bonds, Series 1985 (United States Department of Agriculture), dated September 17, 1985, issued in the original aggregate principal amount of \$160,000.

“Series 1987 Bonds” means the Issuer’s Water Revenue Bonds, Series 1987 (United States Department of Agriculture), dated July 28, 1987, issued in the original aggregate principal amount of \$432,000.

“Series 1996 Bonds” means the Issuer’s Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 10, 1996, issued in the original aggregate principal amount of \$450,000.

“Series 2009 A Bonds” means the Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

“Series 2009 A Bonds Reserve Account” means the Series 2009 A Bonds Reserve Account established by Section 4.01 hereof.

“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.

“West Virginia Infrastructure Fund” means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15 A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

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

Section 2.01. Authorization of Payment of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$3,143,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body.

The estimated maximum cost of the acquisition and construction of the Project is \$3,143,000 of which \$253,000 will be obtained from the proceeds of sale of the Series 2009 A Bonds, herein authorized; \$700,000 as a grant from the Purchaser; \$1,500,000 as a Small Cities Block Grant; and \$690,000 from a West Virginia Infrastructure Fund Grant.

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 2009 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2009 A" (United States Department of Agriculture), are hereby authorized to be issued in the aggregate principal amount of \$253,000, for the purpose of financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2009 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 2009 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.25% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$1,121, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond.

The Series 2009 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 2009 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 2009 A Bonds, and the right to principal of and stated interest on the Series 2009 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 2009 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 2009 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 2009 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2009 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 2009 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 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 2009 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 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 2009 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 2009 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 2009 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 2009 A Bonds shall cease to be such officer of the Issuer before the Series 2009 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 2009 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 2009 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 2009 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2009 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2009 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 2009 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 2009 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 2009 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
PENDLETON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. AR-1

Date: _____

FOR VALUE RECEIVED, PENDLETON COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of _____ % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2009, 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.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S:

- (1) WATER REVENUE BONDS, SERIES 1983 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 5, 1983 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$92,000 (THE "SERIES 1983 BONDS");
- (2) WATER REVENUE BONDS, SERIES 1985 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 17, 1985 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$160,000 (THE "SERIES 1985 BONDS");
- (3) WATER REVENUE BONDS, SERIES 1987 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 28, 1987 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$432,000 (THE "SERIES 1987 BONDS"); AND
- (4) WATER REVENUE BONDS, SERIES 1996 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 10, 1996 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$450,000 (THE "SERIES 1996 BONDS").

THE SERIES 1983 BONDS, SERIES 1985 BONDS, SERIES 1987 BONDS AND SERIES 1996 BONDS ARE COLLECTIVELY, THE "PRIOR BONDS."

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, PENDLETON COUNTY 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.

PENDLETON COUNTY PUBLIC
SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

ATTEST:

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

ARTICLE IV

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

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

- (1) Revenue Fund (established by Prior Resolution);
- (2) Reserve Fund (established by Prior Resolution);
- (3) Renewal and Replacement Fund (established as Depreciation Reserve by Prior Resolution and renamed and continued hereby); and
- (3) Series 2009 A Bonds Project Construction Account.

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

- (1) Series 2009 A Bonds Reserve Account.

Section 4.02 Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2009 A Bonds shall be deposited upon receipt by the Issuer in the Series 2009 A Bonds Project Construction Account. The monies in the Series 2009 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2009 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2009 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2009 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2009 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 2009 A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2009 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds.

So long as any of the Series 2009 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2009 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2009 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, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit to the National Finance Office the amount required by the Prior Resolutions and this Resolution to pay the interest on the Prior Bonds and the Series 2009 A Bonds.
- (3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, (i) on or before the due date thereof, remit to the National Finance Office the amount required by the Prior Resolutions to pay the principal of the Prior Bonds; and (ii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following

the date of delivery of the Series 2009 A Bonds, the amount required to amortize the principal of the Series 2009 A Bonds over the life of the bond.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the respective Reserve Funds 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 in the Series 2009 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2009 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2009 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.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Whenever the money in the Series 2009 A Bonds Reserve Account shall be sufficient to prepay the Series 2009 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 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 2009 A Bonds Reserve Account. All amounts required for the Series 2009 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2009 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2009 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2009 A Bonds and the interest thereon.

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

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 2009 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2009 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2009 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 2009 A Bonds, provide evidence that there will be at least 712 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2009 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2009 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 2009 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. Prior to the issuance of the Series 2009 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes.

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 2009 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. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2009 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 after issuance of the Series 2009 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 A Bonds.

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

So long as the Series 2009 A Bonds and the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following

the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2009 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2009 A Bonds.

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2009 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 2009 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 2009 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 2009 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, 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 2009 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 2009 A Bonds at the date specified for payment thereof;

(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 2009 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

(c) If a default occurs with respect to the Prior Bonds or the Prior Resolutions.

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; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2009 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2009 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 2009 A Bonds are outstanding.

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

ARTICLE VI

RATES, ETC.

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

A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision entered on August 10, 2008 which became Final Order of the Public Service Commission of West Virginia on August 30, 2008, in Case No. 08-2082-PWD-19A and are incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2009 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 2009 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 2009 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 2009 A Bonds, the Issuer may not defease the Series 2009 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2009 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 2009 A Bonds.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47); and provided that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are outstanding.

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

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

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

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Adopted this 22nd day of October, 2009.

PENDLETON COUNTY PUBLIC SERVICE
DISTRICT

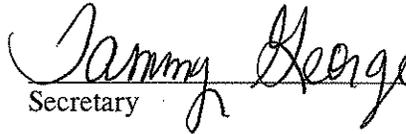
By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PENDLETON COUNTY PUBLIC SERVICE DISTRICT on the 22nd day of October, 2009.

Dated: October 26, 2009.

[SEAL]


Secretary

10.13.09
694280.00004

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1996

BOND RESOLUTION

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PENDLETON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$450,000 WATER REVENUE BOND, SERIES 1996, OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING WATER REVENUE BOND, SERIES 1987, WATER REVENUE BOND, SERIES 1985, AND WATER REVENUE BOND, SERIES 1983, OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PENDLETON COUNTY 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. Pendleton County Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Pendleton County of said State, duly created pursuant to the Act by The County Commission of Pendleton County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of 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 improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a 100 GPM water treatment plant, two 75,000 gallon water storage tanks, a 50,000 gallon in-ground raw water storage reservoir, approximately 57,200 feet of water distribution lines to serve the Upper Tract and Brandywine communities of Pendleton County, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with 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 extensions or improvements 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 Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,589,000, of which \$450,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$750,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), and \$389,000 from a grant by the Purchaser (as hereinafter defined).

E. It is necessary for the Issuer to issue its water revenue bond in the principal amount of \$450,000 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 cost of 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 Bond prior to, during and for 6 months after completion of such acquisition or construction; 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 authorized hereby and the acquisition or construction of the properties and the placing 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 Bond as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1987, dated July 28, 1987, issued in the original aggregate principal amount of \$432,000, the Water Revenue Bond, Series 1985, dated September 17, 1985, issued in the original aggregate principal amount of \$160,000, and the Water Revenue Bond, Series 1983, dated May 5, 1983, issued in the original aggregate principal amount of \$92,000 (the "Prior Bonds"), all held by the Purchaser. There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or any resolution 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 Bond be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated September 11, 1992, the amendment thereto, dated April 5, 1994, and any further amendments thereto (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 Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by 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 Bond 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 Bond.

Section 1.04. Definitions. 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" means the Water Revenue Bond, Series 1996, authorized hereby to be issued pursuant to this Bond Legislation.

"Bond Legislation," "Bond Resolution" or "Resolution" 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 Bond and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means William Pallavicini, P.E., of Petersburg, 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 Pendleton County Bank, Franklin, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

"Issuer," "Borrower" or "District" means Pendleton County Public Service District, a public service district and public corporation and political subdivision of the State of West Virginia, in Pendleton County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated September 11, 1992, and the amendment thereto, dated April 5, 1994, and any further amendments thereto.

"Net Revenues" 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 Issuer 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 principles and retention of a sum not to exceed 1/6th 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 the Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the outstanding Water Revenue Bond, Series 1987, Water Revenue Bond, Series 1985, and Water Revenue Bond, Series 1983, of the Issuer, described in Section 1.02G hereof.

"Prior Resolutions" means the resolutions of the Issuer adopted July 28, 1987, August 2, 1985 and May 5, 1983, respectively, authorizing the Prior Bonds.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Economic and Community Development (formerly, Farmers Home

Administration), 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 State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Resolutions" means, collectively, the Prior Resolutions and 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.

"State" means the State of West Virginia.

"System" means the waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in

connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

"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 Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$1,589,000, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1996," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$450,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 4 1/2% per annum, and shall be sold for the par value thereof.

The Bond 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 Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond 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 Bond, and the right to principal of and stated interest on the Bond, 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 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bond 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 Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

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 Bond, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Bond Registrar shall accept the Bond 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 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond 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 Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Bond 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 Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond 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 Bond 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 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 Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond 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. Bond Secured by Pledge of Net 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, on a parity with the Prior Bonds, in addition to the statutory mortgage lien on the System hereinafter provided for as to 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 3.08. Form of Bond. Subject to the provisions hereof, 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 hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1996

\$450,000

No. R-1

Date: _____

FOR VALUE RECEIVED, PENDLETON COUNTY 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 FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000), plus interest on the unpaid principal balance at the rate of 4 1/2% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$2,066, 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 the cost of improvements and extensions to the existing waterworks system (the "System") of the Borrower, is payable solely from and secured by 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, nor shall the

Borrower be obligated to pay the same or interest thereon except from the special fund so provided.

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 Resolution 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 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 Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the Prior Bonds described in said Resolution.

IN WITNESS WHEREOF, PENDLETON COUNTY 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.

PENDLETON COUNTY PUBLIC SERVICE
DISTRICT

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board

(Title of Executive Official)

Post Office Box 861

(P. O. Box No. or Street Address)

Franklin, West Virginia 26807

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board

(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$		(7)	\$	
(2)	\$		(8)	\$	
(3)	\$		(9)	\$	
(4)	\$		(10)	\$	
(5)	\$		(11)	\$	
(6)	\$		(12)	\$	

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

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Reserve Fund (established by the Prior Resolutions);
- (3) Depreciation Reserve (established by the Prior Resolutions); and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in 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 the Depository 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 Issuer solely for the purposes provided herein.

Moneys 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 Bond 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 the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, 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 to the date of such payment, the Issuer 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 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:

(i) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds (including the Prior Bonds), transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds (or such other place as may be provided pursuant to the Bonds), the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the 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.

(iii) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest becoming due on the Bonds in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iv) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$243,200, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions,

moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve herein provided, and all amounts required for the Reserve Fund and the Depreciation Reserve 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, the Reserve Fund and the Depreciation Reserve 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 Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

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 Resolutions, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Reserve 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 in the Prior Resolutions 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 State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the Prior Resolutions, earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent 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 Bond, provide evidence that there will be at least 450 bona fide full-time users upon the Project 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 such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by the maximum amounts 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 Depository Bank 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 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$839,000 (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 or similar instrument with such 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 Bond 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 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 of the Bond 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 Bondholder.

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 Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve 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 Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto, except with the prior written consent of the Purchaser.

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 Bond remains 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 Bond.

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 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 \$50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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 Bond is 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 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. The statutory mortgage lien of the Bond is on a parity with the statutory mortgage liens of the Prior 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 Bond at the date specified for payment thereof; and

B. Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond 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 Bond is 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 Bond is outstanding.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on January 9, 1996, Case No. 94-1123-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 Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, 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 Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. Prior to issuance of the Bond, this Resolution may be amended or supplemented in any way by resolution. Following issuance of the Bond, no resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

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

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) and the Prior Resolutions.

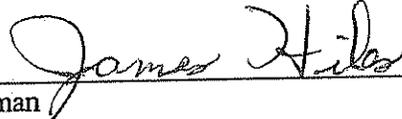
Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and

shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

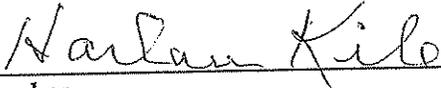
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular 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.

Adopted: April 10, 1996.



Chairman



Member



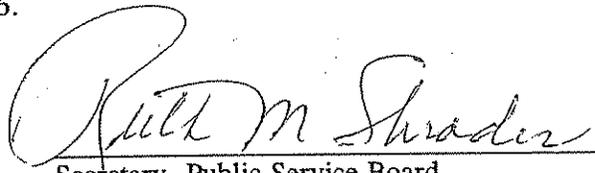
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PENDLETON COUNTY PUBLIC SERVICE DISTRICT on the 10th day of April, 1996.

Dated: April 10, 1996.

[SEAL]


Secretary, Public Service Board

03/15/96
PENJM.A5
694280/92001

(SPECIMEN BOND)

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1996

\$450,000

No. R-1

Date: April 10, 1996

FOR VALUE RECEIVED, PENDLETON COUNTY 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 FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000), plus interest on the unpaid principal balance at the rate of 4 1/2% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$2,066, 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 the cost of improvements and extensions to the existing waterworks system (the "System") of the Borrower, is payable solely from and secured by 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, nor shall the Borrower be obligated to pay the same or interest thereon except from the special fund so provided.

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 Resolution 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 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 Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the Prior Bonds described in said Resolution.

IN WITNESS WHEREOF, PENDLETON COUNTY 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.

PENDLETON COUNTY PUBLIC SERVICE
DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

Post Office Box 861
Franklin, West Virginia 26807

ATTEST:

Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
TOTAL		\$	

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:

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1987

BOND RESOLUTION

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04/16/87

PENWA2-B

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$432,000 WATER REVENUE BOND, SERIES 1987, OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT ON A PARITY WITH THE 1983 AND 1985 BONDS OF THE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES, CONSTITUTING WATERWORKS FACILITIES AND ALL APPURTENANT FACILITIES IN THE DISTRICT; 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 PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PENDLETON COUNTY 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 (the "Act") and other applicable provisions of law. Pendleton County Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Pendleton County.

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

A. The Issuer desires to acquire, construct, operate and maintain certain public service properties, constituting 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 the Project consisting of waterworks facilities in and around Brandywine and an extension of waterworks in and around Upper Tract, including without limitation a

storage tank, a clearwell, a spring box, a pump house, water mains, hydrants and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board District (the "Governing Body") of the Issuer. 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. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$432,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,760,000 of which \$432,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$780,000 from a grant by the Purchaser, and \$548,000 from a grant by the Appalachian Regional Commission.

E. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction 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 (hereinafter defined) 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 acquisition and construction of the Project and the financing authorized hereby.

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

G. There are outstanding the obligations of the Issuer which will rank on a parity with the Bond as to lien and source of and security for payment as follows:

Water Revenue Bond, Series 1983 of the Issuer, dated May 5, 1983 (the "1983 Bond"), issued in the original principal amount of \$92,000, held by the Purchaser.

Water Revenue Bond, Series 1985 of the Issuer, dated September 17, 1985 (the "1985 Bond"), issued in the original principal amount of \$160,000, held by the Purchaser.

The Issuer is not in default under the terms of the 1983 and 1985 Bonds or any resolution or document in connection therewith and has complied with all requirements thereof regarding the issuance of parity bonds.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction 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 and acquisition and construction of the Project 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 Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1987, authorized hereby.

"Bonds" means the Bond, the 1983 Bond and the 1985 Bond.

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

"1983 Bond" means the outstanding Water Revenue Bond, Series 1983, of the Issuer described in Section 1.02 G hereof.

"1985 Bond" means the outstanding Water Revenue Bond, Series 1985, of the Issuer described in Section 1.02 G hereof.

"Chairman" means the Chairman of the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Bond for the proceeds representing the purchase of the Bond by the Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consulting Engineer" means Stultz & Associates, Inc., Romney, 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.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bond during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"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.

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

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

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bond, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bond;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable

Regulations) of obligations issued to refund in whole or in part the Bond;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are deemed to become proceeds of the Bond ratably as original proceeds of the Bond, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Bond, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service on the Bond;

(v) Amounts invested in the Reserve Fund and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Bond by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bond; and

(viii) Amounts received as a result of investing amounts described in this definition.

"Herein" means in this Bond Legislation.

"Holder of the Bond," "Bondholder" or any similar term means any person who shall be the registered owner of the Bond.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means Pendleton County Public Service District, in Pendleton County, West Virginia, and includes the Governing Body.

"Net Proceeds," when used with reference to the Bond, means the face amount of the Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Fund.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bond and is not acquired in order to carry out the governmental purpose of the Bond.

"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 Issuer 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 principles and retention of a sum not to exceed 1/6th 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 the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

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

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

"Purchase Price," for the purpose of computation of the Yield of the Bond, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Bond to the public (not including bond

houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bond of each maturity is sold or, if the Bond is privately placed, the price paid by the first buyer of the Bond or the acquisition cost of the first buyer.

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

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Resolutions" means, collectively, the 1983 Resolution, the 1985 Resolution and the Bond Legislation.

"1983 Resolution" means the resolution of the Issuer adopted May 5, 1983, authorizing the 1983 Bond.

"1985 Resolution" means the resolution of the Issuer adopted August 2, 1985, authorizing the 1985 Bond.

"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.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest on the Bond, produces an amount equal to the Purchase Price of the Bond, all computed as prescribed in applicable Regulations.

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 Issuer, to be known as "Water Revenue Bond, Series 1987," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$432,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 5% per annum, or such lesser amount as may be set forth in the Bond upon delivery, and shall be sold for the par value thereof.

The Bond 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 Bond form hereinafter set forth or in the Bond upon delivery.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond 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 Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond in authorized denominations, for a like aggregate principal amount. The 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 Registrar with respect to such transfer.

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

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of 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.

Section 2.05. Execution of Bond. The Bond 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.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond 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 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 Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond 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 2.07. 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 on a parity with the 1983 Bond and the 1985 Bond in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due all on a parity with the 1983 Bond and the 1985 Bond.

Section 2.08. Form of Bond. Subject to the provisions hereof, 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 hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1987

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

\$432,000

No. R-1

Date: _____

FOR VALUE RECEIVED, PENDLETON COUNTY 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 (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 FOUR HUNDRED THIRTY-TWO THOUSAND DOLLARS (\$432,000) plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$2,122, 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 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 a 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 Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, 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 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, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower (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 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 1983 Bond and the 1985 Bond described in said Resolution.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 861
(P. O. Box No. or Street Address)

Franklin, West Virginia 26807
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

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

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Borrower as Registrar)

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in Pendleton County Bank, Franklin, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special and separate account hereby created and designated as "Pendleton County Public Service District Project Construction Account" (herein called 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 Issuer solely for the purposes provided herein.

Amounts in the Project Construction Account shall be disbursed for costs of the Project upon filing in the official records pertaining to such account of a certificate of the Issuer describing such disbursement, setting forth the portion, if any, of the Net Proceeds of the Bond to be used for a Private Business Use or to make or finance a loan (other than a loan constituting a Nonpurpose Investment) to other than a state or local governmental unit and certifying that there has been compliance with the provisions of Section 4.17 hereof relating to the Private Business Use limitation and the private loan limitation. Amounts, if any, remaining in the Project Construction Account shall, upon receipt from the Issuer certifying that no further amounts are required to be disbursed for costs and expenses of the Project, shall be invested at a Yield not in excess of the Yield of the Bond and shall be used for redemption of the Bond on the interest payment date next succeeding and the Project Construction Account shall be closed.

Until completion of acquisition and construction of the Project, the Issuer will 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer 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 Issuer 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 ("Government Obligations"), which shall mature not later than eighteen months after the date of such investment, or in investments secured by a pledge of Government Obligations, all subject to the provisions of Section 4.15 hereof. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

Section 3.02. Covenants of the Issuer 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 Fund hereinafter described, 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 Issuer 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 Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1983 Resolution and is hereby continued. 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 used only for the purposes and in the manner provided in the Resolutions.

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

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on or before the due date of each installment on the Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bonds or otherwise the amounts required to pay the interest on the Bonds and to amortize the principal of the Bonds over the life of each Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund established by the 1983 Resolution and hereby continued, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals the sum of \$43,299, of which only \$25,464 of such Minimum Reserve shall be allocated to the Bond, such sum

being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used immediately for ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, established by the 1983 Resolution with said Bank and hereby continued, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$163,750, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bonds in full, it shall be the mandatory

duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor 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.

All the funds provided for in this Section 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 Bonds and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia, subject to the provisions of Section 4.15 hereof.

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

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent, as hereinabove provided.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. 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, prior to delivery of the Bond, shall obtain signed user agreements from at least 208 bona fide full time users initially to be served by the Project in full compliance with the conditions and requirements of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond 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 of the Bond 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 Purchaser.

Section 4.02. 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 Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve 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. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 4.05. 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 Bond remains 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 Bond.

(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) 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 Section 38-2-39. Worker's compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) 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 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 so long as checks thereon require the signature of a representative of the Purchaser.

(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 is 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 4.06. Statutory Mortgage. For the further protection of the Purchaser, 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 4.07. 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 Bond at the date specified for payment thereof; and

(b) Failure duly and punctually to observe or perform any of the covenants, conditions and

agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. 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 4.09. Fiscal Year; Budget. While the Bond is 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 thirty 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 first 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 ten per centum; 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 4.10. 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 4.11. 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 and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. 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 4.13. 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 Bond is outstanding.

Section 4.14. No Competition. 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.

Section 4.15. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the Gross Proceeds of the Bond which, if such action

had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bond to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations, and (ii) it will take all actions that may be required of it so that the interest on the Bond will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 4.16. Rebates of Excess Arbitrage Earnings. The Issuer covenants to make all rebate calculations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations. In the event of a failure to pay such amounts, the Issuer will pay to the United States a penalty in an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. The Issuer shall make, or cause to be made, an annual computation of such yield and amounts, and shall maintain and provide the Purchaser with appropriate records of such computations. In order to provide for the administration of this Section, the Issuer may provide for employment of independent attorneys, accountants and consultants with reasonable compensation, as the Issuer may designate.

Section 4.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bond is used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bond during the term thereof is, under the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bond during the term thereof is, under the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bond used for a Private Business Use shall be

used for a Private Business Use related to the governmental use of the Project, or if the Bond is for the purpose of more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bond are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bond, including without limitation, the information return required under Section 149(e) of the Code.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on April 13, 1987, Case No. 86-398-W-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 VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser, except that no consent from the Purchaser shall be required to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code or otherwise assure the exemption from Federal income taxation of interest on the Bond.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, 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 6.03. 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 severed from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. 1983 and 1985 Resolutions; Conflicting Provisions Repealed. The 1983 and 1985 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 1983 and 1985 Bond Resolutions.

All other 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 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: April 17, 1987

Keith Judy
Chairman of Public Service Board

John E. Sawyer
Member

Narlan Kilo
Member

04/16/87
PENWA2-A

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

AMENDATORY RESOLUTION

RESOLUTION AMENDING THE RESOLUTION OF PENDLETON COUNTY
PUBLIC SERVICE DISTRICT ENTITLED:

RESOLUTION AUTHORIZING THE ISSUANCE OF \$432,000
WATER REVENUE BOND, SERIES 1987, OF PENDLETON
COUNTY PUBLIC SERVICE DISTRICT ON A PARITY WITH
THE 1983 AND 1985 BONDS OF THE DISTRICT TO
FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN
PUBLIC SERVICE PROPERTIES, CONSTITUTING
WATERWORKS FACILITIES AND ALL APPURTENANT
FACILITIES IN THE DISTRICT; 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 PROVIDING WHEN THIS RESOLUTION SHALL
TAKE EFFECT

TO INCLUDE CERTAIN PROVISIONS AND REVISIONS CONCERNING THE
TAX-EXEMPT STATUS OF THE WATER REVENUE BOND, SERIES 1987, OF
PENDLETON COUNTY PUBLIC SERVICE DISTRICT AND CERTAIN OTHER MATTERS

WHEREAS, the public service board (the "Governing Body")
of PENDLETON COUNTY PUBLIC SERVICE DISTRICT (the "Issuer"), has duly
and officially adopted a resolution effective April 17, 1987 (the
"Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE OF \$432,000
WATER REVENUE BOND, SERIES 1987, OF PENDLETON
COUNTY PUBLIC SERVICE DISTRICT ON A PARITY WITH
THE 1983 AND 1985 BONDS OF THE DISTRICT TO
FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN
PUBLIC SERVICE PROPERTIES, CONSTITUTING
WATERWORKS FACILITIES AND ALL APPURTENANT
FACILITIES IN THE DISTRICT; 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 PROVIDING WHEN THIS RESOLUTION SHALL
TAKE EFFECT

WHEREAS, the Bond Resolution provides for the issuance of the Water Revenue Bond, Series 1987, of the Issuer (the "Bond"), in an aggregate principal amount of not to exceed \$432,000, all in accordance with West Virginia Code, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution, it is provided that the Bond Resolution would be amended to assure the exemption from Federal income taxation of interest on the Bond;

WHEREAS, the Bond is proposed to be purchased by the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), and certain changes in Sections 103, 141, 148 and 149 of the Internal Revenue Code of 1986, as amended, have been effected and are contemplated;

WHEREAS, the Governing Body deems it essential and desirable that this amendatory resolution (the "Amendatory Resolution") be adopted and the Bond Resolution be supplemented hereby to assure the exemption from Federal income taxation of interest on the Bond, and that other matters relating to the Bond be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Amendatory Resolution is adopted.

Section 2. Section 2.02 of the Bond Resolution is hereby amended to read as follows, with the deleted language struck out:

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 5% per annum, ~~at the rate of 5% per annum from the date of delivery~~ and shall be sold for the par value thereof.

The Bond 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 Bond form hereinafter set forth ~~at the time of delivery~~

Section 3. The first paragraph of Section 2.03 of the Bond Resolution is hereby amended to read as follows, with the deleted language struck out and the new language underlined:

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond 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 Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 ~~hereof~~ of this Bond Legislation, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferred except by means of transfer of the registration of a Bond representing such interest in accordance with this Bond Legislation.

Section 4. Section 4.15 of the Bond Resolution is hereby amended to read as follows, with all deleted language struck out and the new language underlined:

Section 4.15. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the Gross Proceeds of the Bond which ~~//if/such/action/had/been/reasonably/expected/to/have/been/taken//or/had/been/deliberately/had/intentionally/taken//on/the/Closing/Date~~ would have caused the Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code and Regulations, and (ii) it will take all actions that may be required of it so that the interest on the Bond will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5. Section 4.17B of the Bond Resolution is hereby amended to read as follows, with the new language underlined:

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bond or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

Section 6. The Bond Resolution and Section 2.08 thereof are hereby amended by deleting the requirement that there be a registration page attached to the Bond and the Bond form, as set forth on page 17 of the Bond Resolution.

Section 7. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bond hereby and by the Bond Resolution approved and provided for, to the end that the Bond may be delivered on or about July 28, 1987, to the Purchaser.

Section 8. It is hereby found and determined that this Amendatory Resolution is necessary to assure the exemption from Federal income taxation of interest on the Bond.

Section 9. The financing of the Project by the Bond is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. If any provision of this amendatory resolution shall be held invalid, such invalidity shall not affect the remaining provisions of this amendatory resolution.

Section 11. This Amendatory Resolution shall be effective immediately following adoption hereof, is amendatory of and supplemental to the Bond Resolution, and in consideration of the acceptance of the Bond by the Purchaser shall be deemed to be and constitute a contract between the Issuer and such Purchaser.

Section 12. Except as expressly amended hereby, the Bond Resolution shall continue in full force and effect and is hereby ratified, approved and confirmed.

Adopted this 28th day of July, 1987.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Chith Judy
Chairman

Harlan Kilo
Member

John E. Salsinger
Member

07/27/87
PENWAI-P

(SPECIMEN BOND)

WATER REVENUE BOND, SERIES 1987

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

\$432,000

No. R-1

Date: July 28, 1987

FOR VALUE RECEIVED, PENDLETON COUNTY 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 (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 FOUR HUNDRED THIRTY-TWO THOUSAND DOLLARS (\$432,000) plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$2,122, 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 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

21

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 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 Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, 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 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, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower (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 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 1983 Bond and the 1985 Bond described in said Resolution.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

P. O. Box 861
Franklin, West Virginia 26807

ATTEST:

Secretary, Public Service Board

RECORD OF ADVANCES

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

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

07/27/87
PENWA2-C

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1985

BOND RESOLUTION

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07/31/85
PENTN1-B

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$160,000 WATER REVENUE BOND, SERIES 1985, OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT ON A PARITY WITH THE 1983 BOND TO FINANCE ACQUISITION AND CONSTRUCTION OF AN ADDITION TO THE WATERWORKS SYSTEM OF THE DISTRICT; 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 PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF
PENDLETON COUNTY 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 (the "Act") and other applicable provisions of law. Pendleton County Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Pendleton County.

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

A. The Issuer now has a public waterworks system and desires to acquire and construct an addition to said System, within the boundaries of the Issuer to be owned and operated by the Issuer. The acquisition and construction of such an addition to the existing waterworks facilities is herein called the "Project."

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 constructed and acquired the Project consisting of a water distribution system to serve residents in the Upper Tract area of the District 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 District (the "Governing Body") of the Issuer. The construction and acquisition 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. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$160,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,135,000 of which \$160,000 will be obtained from the proceeds of sale of the Bond herein authorized, and \$557,000 from a grant by the Purchaser and \$418,000 in grants from other sources.

E. The cost of such construction shall be deemed to include, without being limited to, the construction and 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 (hereinafter defined) 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 acquisition and construction of the Project and the financing authorized hereby.

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

G. There are outstanding the obligations of the Issuer which will rank on a parity with the Bond as to lien and source of and security for payment as follows:

Water Revenue Bond, Series 1983 of the Issuer, dated May 5, 1983 (the "1983 Bond"), issued in the original principal amount of \$92,000, held by the Purchaser.

The Issuer is not in default under the terms of the 1983 Bond or any resolution or document in connection therewith.

H. The Issuer 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 Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1985, authorized hereby.

"Bonds" means the Bond and the 1983 Bond.

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

"1983 Bond" means the outstanding Water Revenue Bond, Series 1983, of the Issuer described in Section 1.02 G hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Stultz & Associates, Inc., Romney, 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.

"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.

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

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

"Herein" means in this Bond Legislation.

"Holder of the Bond," "Bondholder" or any similar term means any person who shall be the registered owner of the Bond.

"Issuer" means Pendleton County Public Service District, in Pendleton County, West Virginia, and includes the Governing Body.

"Net Revenues" 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 Issuer 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 principles and retention of a sum not to exceed 1/6th 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 the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

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

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

"Resolutions" means collectively the 1983 Resolution and the Bond Legislation.

"1983 Resolution" means the resolution of the Issuer adopted May 5, 1983, authorizing the 1983 Bond.

"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.

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

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 Issuer, to be known as "Water Revenue Bond, Series 1985," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$160,000 for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 7 1/4% per annum, and shall be sold for the par value thereof.

The Bond 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 Bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond 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 Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond in authorized denominations, for a like aggregate principal amount. The 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 Registrar with respect to such transfer.

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

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of 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.

Section 2.05. Execution of Bond. The Bond 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.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond 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 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 Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond 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 2.07. 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 on a parity with the 1983 Bond in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due all on a parity with the 1983 Bond.

Section 2.08. Form of Bond. Subject to the provisions hereof, 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 hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1985

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

\$160,000

No. R-1

Date: _____

FOR VALUE RECEIVED, PENDLETON COUNTY 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 (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 HUNDRED SIXTY THOUSAND DOLLARS (\$160,000) plus interest on the unpaid principal balance at the rate of 7 1/4% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$1,034, 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 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 improvements for 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 Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, 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 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, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower (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 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 1983 Bond described in said Resolution.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 187
(P. O. Box No. or Street Address)

Franklin, West Virginia 26807
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

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

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Issuer as Registrar)

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in the Pendleton County Bank, Franklin, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Pendleton County Public Service District Project Construction Account" (herein called 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 Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys 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 Purchaser.

If the Issuer 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 Issuer 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 ("Government Obligations"), which shall mature not later than eighteen months after the date of such investment, or in investments secured by a pledge of Government Obligations. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

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 3.02. Covenants of the Issuer 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 Fund hereinafter described, 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 Issuer 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 Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1983 Resolution and is hereby continued. 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 used only for the purposes and in the manner provided in the Resolutions.

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

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bonds or otherwise the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of each Bond issue.

(3) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund established by the 1983 Resolution and hereby continued, 1/12th or 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals the sum of \$17,835, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to

make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, established by the 1983 Resolution with said Bank and hereby continued, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$75,750, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

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

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as

herein provided, and all amounts required therefor 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.

All the funds provided for in this Section 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 Bonds and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. 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, prior to delivery of the Bond, shall obtain signed user agreements from at least 120 bona fide full time users initially to be served by the Project in full compliance with the conditions and requirements of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond 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 of the Bond 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 Purchaser.

Section 4.02. 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 Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve 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. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 4.05. 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 Bond remains 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 Bond.

(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) 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 Section 38-2-39.

(e) 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 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 so long as checks thereon require the signature of a representative of the Purchaser.

(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 is 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 4.06. Statutory Mortgage. For the further protection of the Purchaser, 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 4.07. 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 Bond at the date specified for payment thereof; and

(b) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or

failure to observe any provision of any pertinent law.

Section 4.08. 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 4.09. Fiscal Year; Budget. While the Bond is 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 thirty 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 first 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 ten per centum; 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 4.10. 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 4.11. 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 and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. 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.

Section 4.13. 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 Bond is outstanding.

Section 4.14. No Competition. 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.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate 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 initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on July 23, 1985, Case No. 85-227-W-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. When such fees, rates and charges have been delinquent for thirty days, the Issuer shall have power pursuant to the Act 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 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 VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, 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 6.03. 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 sever from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

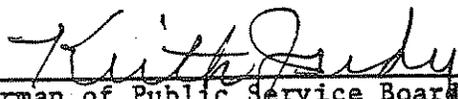
Section 6.04. 1983 Resolution; Conflicting Provisions Repealed. The 1983 Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1983 Bond Resolution.

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).

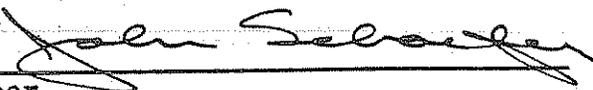
Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

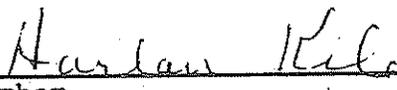
Adopted: August 2, 1985



Chairman of Public Service Board



Member



Member

07/31/85
PENTN1-A

(SPECIMEN BOND)

WATER REVENUE BOND, SERIES 1985

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

\$160,000

No. R-1

Date: _____

FOR VALUE RECEIVED, PENDLETON COUNTY 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 (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 HUNDRED SIXTY THOUSAND DOLLARS (\$160,000) plus interest on the unpaid principal balance at the rate of 7 1/4% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$1,034, 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 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

18

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 improvements for 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 Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, 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 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, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower (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 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 1983 Bond described in said Resolution.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

Post Office Box 187
Franklin, West Virginia 26807

ATTEST:

Secretary, Public Service Board

RECORD OF ADVANCES

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

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Issuer as Registrar)

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>

07/31/85
PENTN1-P

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1983

BOND RESOLUTION

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05/03/83.
PEND1-K

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$92,000 WATER REVENUE BOND, SERIES 1983, OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF A NEW WATERWORKS SYSTEM; 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 PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PENDLETON COUNTY 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 (the "Act") and other applicable provisions of law. Pendleton County Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Pendleton County.

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

A. 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 constructed a new waterworks system of the Issuer consisting of water pipelines, valve station, hydrants, and meters 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 (the "Governing Body") of the Issuer. Water will be purchased from the Town of Franklin pursuant to a Water Purchase Agreement between the Issuer and said Town. The construction and acquisition 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.

B. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$92,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

C. The estimated maximum cost of the construction of the Project is \$380,000 of which \$92,000 will be obtained from the proceeds of sale of the Bond herein authorized, and the remaining \$288,000, from grants.

D. 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 hereby.

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

F. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien and source of and security for payment.

G. The Issuer 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 Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1983, authorized hereby.

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

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means John McNair and Associates, Waynesboro, 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.

"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.

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

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

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond.

"Issuer" means Pendleton County Public Service District of Pendleton County, West Virginia, and includes the Governing Body.

"Net Revenues" 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 Issuer 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 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.

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

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

"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.

"System" means the Project initially, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks 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 or the Issuer, to be known as "Water Revenue Bond, Series 1983," is hereby authorized to be issued in the aggregate principal amount of not exceeding Ninety-Two Thousand Dollars (\$92,000) for the purpose of financing a portion of the cost 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 monthly installments, or any portion thereof, at the option of the Issuer, 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 Issuer 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 Issuer 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 Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond 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 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 gross revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The gross revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond,

and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, 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 hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1983

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

\$92,000

No. 1

Date: _____

FOR VALUE RECEIVED, PENDLETON COUNTY 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 (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 NINETY-TWO THOUSAND DOLLARS (\$92,000) 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: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and \$452, covering principal and interest, thereafter on said corresponding 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 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 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 improvements for 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.

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 and a Resolution 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.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 187
(Post Office Box No. or Street Address)

Franklin, West Virginia 26807
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of)

ASSIGNMENT

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. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in Pendleton County Bank, Franklin, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Pendleton County Public Service District Project Construction Account" (herein called 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 Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys 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.

If the Issuer 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 Issuer 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 ("Government Obligations"), which shall mature not later than eighteen months after the date of such investment, or in investments secured by a pledge of Government Obligations. 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 Purchaser.

Section 3.02. Covenants of the Issuer 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 Fund herein-after 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 Issuer 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 shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established initially with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

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

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of \$5,425, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and

interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$19,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor 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.

All the funds provided for in this Section 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 Bond and the

interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. 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 Bond, obtain signed user agreements from at least 49 bona fide full time users upon the System, in full compliance with the conditions and requirements of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond 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 of the Bond 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 Purchaser.

Section 4.02. 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 Bond and to make the payments required herein into the Reserve Fund and the Depreciation Reserve 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. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. 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 hereto except with the prior written consent of the Purchaser.

Section 4.05. 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 Bond remains 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 Bond.

(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) 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 Section 38-2-39.

(e) 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 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 so long as checks thereon require the signature of a representative of the Purchaser.

(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 is 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 4.06. 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.

Section 4.07. 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 Bond 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 Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. 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 4.09. Fiscal Year; Budget. While the Bond is 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 thirty 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 first 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 ten per centum; 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 4.10. 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 4.11. Covenant to Proceed and Complete. The Issuer 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 on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. 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.

Section 4.13. 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 Bond is outstanding.

Section 4.14. No Competition. 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.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate 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 set forth in Final Order of the Public Service Commission of West Virginia, entered on December 16, 1982, Case No. 82-497-W-CN, subject to change consonant with the provisions 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. When such fees, rates and charges have been delinquent for thirty days, the Issuer shall have power pursuant to the Act 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 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 VI

MISCELLANEOUS

Section 6.01. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, 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 6.02. 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 separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.03. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.04. 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.

(SPECIMEN BOND)

WATER REVENUE BOND, SERIES 1983

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

\$92,000

No. 1

Date: _____

FOR VALUE RECEIVED, PENDLETON COUNTY 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 (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 NINETY-TWO THOUSAND DOLLARS (\$92,000) 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: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and \$452, covering principal and interest, thereafter on said corresponding 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 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 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

14

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 improvements for 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.

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 and a Resolution 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.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 187
(Post Office Box No. or Street Address)

Franklin, West Virginia 26807
(City, State and Zip Code)

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	\$	

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

05/03/83
PEND1-M



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

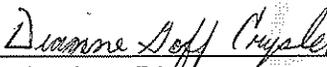
October 26, 2009

Pendleton County Public Service District
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), in the original aggregate principal amount of \$253,000, (the "Bonds"), by Pendleton County Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (1) Water Revenue Bonds, Series 1983, dated May 5, 1983, issued in the original aggregate principal amount of \$92,000 (the "Series 1983 Bonds"); (2) Water Revenue Bonds, Series 1985, dated August 2, 1985, issued in the original aggregate principal amount of \$160,000 (the "Series 1985 Bonds"); (3) Water Revenue Bonds, Series 1987, dated July 28, 1987, issued in the original aggregate principal amount of \$432,000 (the "Series 1987 Bonds"); and (4) Water Revenue Bonds, Series 1996, dated April 10, 1996, issued in the original aggregate principal amount of \$450,000 (the "Series 1996 Bonds") (collectively, the "Prior Bonds") and (ii) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (collectively, the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution, and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESSETH my signature on this 26th day of October, 2009.



Acting State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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



Region 8 Planning & Development Council

United States Department of Agriculture
Rural Development
West Virginia State Office

February 11, 2008

COPY

Pendleton County Public Service District
Mr. Michael A. Wagoner, Chairman
P.O. Box 861
Franklin, WV 26807-0861

Dear Mr. Wagoner:

This letter, with Attachments 1 through 14 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 \$253,000, an RUS grant in the amount of \$700,000, and other funding in the amount of \$2,190,000, for a total project cost of \$3,143,000. The other funding is planned in the form of a Small Cities Block Grant and a grant from the West Virginia Infrastructure and Jobs Development Council.

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 Pendleton County PSD (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond)

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

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-8382 (TDD).

- Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
 - Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
 - Attachment No. 8 - Government Auditing Standards (Revision 2003) (Accountant Copy)
 - 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 - Water Users Agreement (Applicant and Attorney Copies)
 - Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
 - Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
 - Attachment No. 14 - 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 \$1,142. 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 shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 712 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 82 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system, at the time you request authorization to advertise the proposed project for construction bids.

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

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

4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. E-510, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience a “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 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

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

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
-

- b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the 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:
 - i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:
 - i. EJCDC Document No. C-521, 2002 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, 2002 Edition, "Standard General Conditions of the Construction Contract - Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
 - ii. "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:
 - i. 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.

- ii. 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.
- iii. Workers' Compensation - In accordance with applicable State laws.

- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your 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.

14. Other Project Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are
-

available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

15. 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"

16. 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.

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

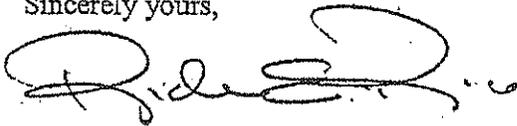
Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds

exceeds the RUS grant, that part would be RUS loan funds and would be applied as an extra payment toward the loan balance.

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

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

Sincerely yours,



RICKIE E. RICE
State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Cerrone Associates
401 Main Street
Wheeling, WV 26003

Bond Counsel

Gohdes & Thomas CPA's
401 Maple Avenue
P.O. Box 655
Moorefield, WV 26836

H. Charles Carl, III, Esquire
56 E. Main Street
Romney, WV 26757

WV Development Office
ATTN: Tracey Rowan
Capitol Complex Building 6
Room 553, 1900 Kanawha Blvd. E.
Charleston, WV 25305-0311

WV Infrastructure & Jobs
Development Council
ATTN: Jefferson E. Brady, P.E.
300 Summers Street, Suite 980
Charleston, WV 25301

Region 8 Planning & Development Council
ATTN: Angie Curl
P.O. Box 849
Petersburg, WV 26847

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

8/30/2009

Issued: August 10, 2009

CASE NO. 08-2082-PWD-19A

PENDLETON COUNTY PUBLIC SERVICE DISTRICT
a public utility,
Franklin, Pendleton County,
Rule 19A application to increase water rates and charges.

RECOMMENDED DECISION

On December 16, 2009, Pendleton County Public Service District (District), Franklin, Pendleton County, West Virginia, filed an application with the Public Service Commission of West Virginia (Commission), pursuant to Rule 19-A of the Commission's *Rules for the Construction and Filing of Tariffs (Tariff Rules)*, seeking an increase in its water rates and charges. The District reported that an interim emergency water rate increase was also required. The District reported that an increase was necessary because the Town of Franklin, which provides water for the District, had increased its resale water rate and because the District needed to hire an additional employee. The District also requested that Commission Staff calculate the appropriate rates.

On January 6, 2009, Staff Attorney Ronald Robertson, Jr., of the Commission's Legal Division, filed the Initial Joint Staff Memorandum, along with the Initial Internal Memorandum, prepared by Utilities Analysts Pete Lopez and Sandy Mitchell, of the Commission's Water and Wastewater Division. Staff reported that the District's request for an interim emergency water rate increase was unnecessary because the District had filed a *Tariff Rule 30-B* case to have its water rates adjusted to reflect changes in the Town of Franklin's resale rate. Staff advised that the District's new "30-B" rates would become effective for use by the District very soon. (See, Case No. 08-1751-PWD-30B). Staff reported that the District's annual report for the fiscal year ending June 30, 2008, reflected operating revenues for the District of \$304,690, well below the \$1,000,000 annual revenue ceiling established in the Commission's *Tariff Rules* for Staff review pursuant to *Tariff Rule 19-A*. The District's Annual Report also shows that the District serves approximately 638 customers. Staff advised that it would investigate the District's going-level operations, conduct an audit of the District's books and records and submit a written report within the proper Commission internal case

processing time frame. Legal Staff explained the various public notice requirements associated with a *Tariff Rule 19-A* case and recommended that the case be referred to the Division of Administrative Law Judges for resolution.

By Commission Referral Order issued on January 22, 2009, the case was referred to the Division of Administrative Law Judges for a decision to be rendered on or before August 13, 2009. Staff was ordered to file its final report on or before March 26, 2009.

On February 23, 2009, the District filed its completed Tariff Form No. 6-A. It affirmed that the District had provided its customers with notice that a rate increase had been requested by including the necessary information on its postcard bills. The District's Tariff Form No. 6-A was signed by its Chairman, Michael A. Wagoner.

On March 23, 2009, Staff Attorney Robertson filed the Final Joint Staff Memorandum along with the Staff Report, dated March 19, 2009. Staff recommended:

- (1) Approval of a 10.03% across-the-board increase in the District's going-level rates and charges;
- (2) Approval of the Staff-recommended rates and charges set forth in Statement D, Schedule 3;
- (3) Approval of the going-level adjustments shown on Statement G, Sheets 2, 3 and 4;
- (4) Approval of the increased leak adjustment charge set forth on the Staff-Recommended Tariff, as well as other changes in the District's tariff to bring it into conformance with Commission's recommended tariff language; and
- (5) The District properly record wages, taxes, employee benefits and worker's compensation in the appropriate accounts.

On May 29, 2009, a Procedural Order was issued by the undersigned Administrative Law Judge which directed that the Pendleton County Public Service District provide notice to its customers of the Staff-recommended rates and charges, as required by Rule 8.2.i. of the Commission's *Tariff Rules*, by causing to be published the Notice of Application to Change Rates (Appendix A), once a week, for two (2) consecutive weeks, in a newspaper, duly qualified by the West Virginia Secretary of State, published and of general circulation in Pendleton County, West Virginia, on or before Friday, June 19, 2009. The order also required the Applicant to file its completed Tariff Form No. 6-B and an affidavit of publication for the Notice of Application to Change Rates (Appendix A) no later than Tuesday, June 30, 2009.

On June 15, 2009, the Applicant notified the Commission by letter that, in addition to the four (4) separate water systems specifically mentioned in the Staff Report, it had acquired, in February

2009, another water system identified as the Riverton system. The Applicant advised that the Riverton system is the fifth (5th) water system under its control and serves approximately forty-three (43) customers. This new system changes the customer count from 638 to 681.

On June 24, 2009, another Procedural Order was issued by the undersigned Administrative Law Judge which required that the District provide notice to all customers served by the Riverton water system, acquired by the District in February 2009, by mailing to each Riverton water system customer a copy of the Revised Notice of Application to Change Rates, on or before Tuesday, June 30, 2009, by United States First Class Mail. The Revised Notice of Application to Change Rates was attached to the Procedural Order as Appendix A. The District was also ordered to file with the Public Service Commission an affidavit regarding its efforts to comply with the additional public notice requirement imposed upon it in the Procedural Order, as soon as possible, but no later than Monday, July 6, 2009.

On June 26, 2009, the District filed several documents with the Commission regarding its efforts to comply with the procedural orders issued in this matter and with the public notice requirements. The District filed its Tariff Form No. 6-B (Certificate of Posting, Publication and Separate Mailing to Resale Customers of Change in Tariff). The District affirmed that it posted Tariff Form No. 10 (Notice of Application to Change Rates) for public inspection at its offices and places of business in the territory affected thereby on June 11, 2009. The District also affirmed that Tariff Form No. 10 was delivered to the appropriate newspaper for publication therein once a week for two (2) successive weeks. Also, the District affirmed that it issued a press release regarding its application for a rate increase to the appropriate newspaper within ten days of receiving the Commission's Order requiring notice of the Staff-recommended rates. The District affirmed that it has no resale customers. Along with Tariff Form No. 6-B, the District filed a publisher's affidavit from *The Pendleton Times* which established that the Notice of Application to Change Rates was published therein once a week for two (2) successive weeks, on June 11, 2009 and June 18, 2009. Also, the District filed an affidavit, signed by Tammy George, its Secretary, which affirmed that the Revised Notice of Application to Change Rates was mailed to forty-three (43) customers in Riverton on June 25, 2009.

DISCUSSION

The record in this case demonstrates that Pendleton County Public Service District has substantially complied with the requirements of the Public Service Commission's *Rules for the Construction and Filing of Tariffs* regarding public notice in Tariff Rule 19-A cases. The Notice of Application to Change Rates (Tariff Form No. 10) was published as required by the Order Requiring Publication issued in this case on May 29, 2009. Also, the District complied with the additional public notice requirements imposed in the Further Order Regarding Public Notice, issued in this case on June 24, 2009. The record also demonstrates that the District filed its Tariff Forms 6-A and 6-B with the Public Service Commission on February 23, 2009, and June 26, 2009, respectively.

No public protests were filed in this matter and the District did not object to the final recommendations of Commission Staff. Therefore, it is reasonable to adopt the Staff-recommended rates and charges contained in Statement D of Staff's final report.

FINDINGS OF FACT

1. Pendleton County Public Service District filed an application with the West Virginia Public Service Commission, pursuant to Rule 19-A of the Commission's *Rules for the Construction and Filing of Tariffs*, in which it requested an increase in its rates and charges for providing public water service. (See, December 16, 2008 filing).
2. The District's current rates and charges are generating a going-level cash deficit of \$29,792 and a going-level debt service coverage factor of only 67.90%. (See, Staff Report, Statement H - Cash Flow Statement, filed March 23, 2009).
3. The District is required to maintain a debt service coverage factor of 115%. (See, Staff Report, Letter of Transmittal, filed March 23, 2009).
4. The District's current rates and charges do not generate a level of revenue sufficient to cover operation and maintenance expenses, taxes, capital requirements and annual debt service requirements. (See, Staff Report filed March 23, 2009).
5. Commission Staff recommended an across-the-board rate increase of 10.03% in the District's going-level rates and charges. (See, Staff Report filed March 23, 2009).
6. The Staff-recommended rates and charges will result in an increase in the minimum bill from \$24.32 to \$26.76, for usage of up to 2,000 gallons of water per month, and an increase in the average bill, based upon usage of 4,500 gallons of water per month, from \$54.72 to \$60.21. (See, Staff Report filed March 23, 2009, Statement D).
7. The Staff-recommended increase in the District's rates and charges should generate a level of revenue sufficient to cover the District's operation and maintenance expenses, taxes, capital requirements and annual debt service requirement. (See, Staff Report filed March 23, 2009).
8. The District provided notice to its customers of the filing of the application and of the Staff-recommended rates and charges, in accordance with the Commission's Tariff Rules. (See, filings of February 23 and June 26, 2009).
9. No protests were filed with the Public Service Commission regarding the District's application to increase its rates and charges for providing public water service. (See, case file generally).

10. Pendleton County Public Service District did not file an objection to the Staff-recommended increase in its water rates and charges. (See, case file generally).

CONCLUSIONS OF LAW

1. The Staff-recommended rates and charges are sufficient, but not more than sufficient, to produce the level of revenue required to cover all the District's operation and maintenance expenses, taxes, necessary capital additions and debt service obligations.

2. Because the Staff-recommended rates are reasonable, the District has not objected to the Staff-recommended rates, and no protests to the Staff-recommended rates were received by the Public Service Commission, it is reasonable to adopt and approve those rates and charges for all water service rendered by the District on and after the date upon which this Recommended Decision becomes a final order of the Commission.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on December 16, 2008, by the Pendleton County Public Service District, pursuant to Rule 19-A of the Public Service Commission's *Rules for the Construction and Filing of Tariffs*, requesting an increase in its rates and charges for providing public water service, be, and hereby is, granted, as recommended by Commission Staff.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, more particularly set forth in Appendix A, attached hereto, be, and hereby are, approved, for all service rendered by Pendleton County Public Service District on and after the date that this Recommended Decision becomes final.

IT IS FURTHER ORDERED that Pendleton County Public Service District file with the Public Service Commission's Tariff Office an original and no less than five (5) copies of a proper tariff reflecting the rates herein approved, within thirty (30) days of the date that this Recommended Decision becomes final.

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

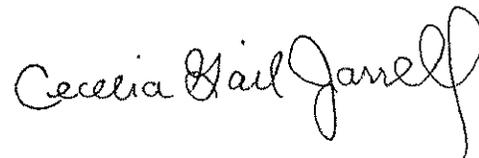
IT IS FURTHER ORDERED that the Executive Secretary of the Public Service Commission serve a copy of this Recommended Decision upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this 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 order or decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Cecelia Gail Jarrell
Administrative Law Judge

CGJ:s.cdk:bam
082082ab.wpd

PENDLETON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 08-2082-PWD-19A

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within entire territory served

AVAILABILITY OF SERVICE

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

RATES (Customers with metered water supply)

\$13.38 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 26.76 per month
3/4 inch meter	\$ 40.14 per month
1 inch meter	\$ 66.90 per month
1 ½ inch meter	\$ 133.80 per month
2 inch meter	\$ 214.08 per month
3 inch meter	\$ 428.16 per month
4 inch meter	\$ 669.00 per month
6 inch meter	\$1,338.00 per month
8 inch meter	\$2,140.80 per month

DELAYED PAYMENT PENALTY

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

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 the bank due to insufficient funds.

RECONNECTION FEE - \$20.00

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

TAP FEE

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

A tap fee of \$350.00 will be charged to all customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

\$1.66 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all consumption above the customer's historical average usage.

SCHEDULE II

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for private fire protection service.

RATES

Where connections, hydrants, sprinklers, etc., on property are maintained by consumer:

2 - inch line w/hydrants, sprinkler, and/or hose connections	\$ 6.00 per month
3 - inch line w/hydrants, sprinkler, and/or hose connections	\$ 6.30 per month
4 - inch line w/hydrants, sprinkler, and/or hose connections	\$ 8.40 per month
6 - inch line w/hydrants, sprinkler, and/or hose connections	\$27.60 per month
8 - inch line w/hydrants, sprinkler, and/or hose connections	\$37.00 per month
10 - inch line w/hydrants, sprinkler, and/or hose connections	\$42.00 per month
12 - inch line w/hydrants, sprinkler, and/or hose connections	\$59.60 per month



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

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todd.swanson@step toe-johnson.com

September 16, 2009

VIA HAND DELIVERY

Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: CASE NO.: 09-0115-PWD-CN
**PENDLETON COUNTY PUBLIC SERVICE DISTRICT,
PENDLETON COUNTY, WEST VIRGINIA**

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system; for approval of a water purchase agreement; and for approval of the financing thereof.

Dear Ms. Squire:

Pursuant to the July 24, 2009 Recommended Decision entered in the above captioned case, which became a Final Order of the Commission on August 13, 2009, Pendleton County Public Service District (the "District") was ordered to file a copy of the new rates established in the District's rate case, Case No. 08-2082-PWD-19A. Accordingly, please find enclosed an original and twelve copies of the District's water tariff P.S.C. W. Va. No. 13.

I ask that you please file the enclosed tariff and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and please contact me should you have any questions.

Sincerely,

Todd M. Swanson
WVSB No. 10509

WVA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

2009 SEP 16 A 10:59

RECEIVED

Sandra Squire, *Executive Secretary*
September 16, 2009
Page 2

TMS

Enclosures

cc: Michael A. Wagoner, Chairman (w/o enclosures)
Terry Lively, Assistant Director (w/o enclosures)
Dominick P. Cerrone, P.E. (w/o enclosures)
Rosalie E. Thomas, CPA (w/o enclosures)

694280.00003

PENDLETON COUNTY PUBLIC SERVICE DISTRICT, a public utility
OF
FRANKLIN, WEST VIRGINIA
RATES, RULES AND REGULATIONS FOR FURNISHING
WATER

along U.S. Route 220 North of Franklin for three (3) miles, Village of Circleville, Brandywine and the Village of Upper Tract in Pendleton County, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

RECEIVED
08 SEP - 9 AM 10:51
WEST VIRGINIA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Issued September 3, 2009 Effective on all service rendered on and after August 30, 2009
or as otherwise provided herein

Issued by authority of an order of the
Public Service Commission of West Virginia
in Case No. 08-2082-PWD-19A final August
30, 2009 or as otherwise provided herein

Issued by **PENDLETON COUNTY PUBLIC SERVICE DISTRICT**, a public utility

By *[Signature]*
Chairman
Title

PENDLETON COUNTY PUBLIC SERVICE DISTRICT (Water)

P.S.C. W.VA. Tariff No. 13

Original Sheet No. 1

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

PENDLETON COUNTY PUBLIC SERVICE DISTRICT (Water)

P.S.C. W.VA. Tariff No. 13
Original Sheet No. 2

SCHEDULE I

APPLICABILITY

Applicable within entire territory served

AVAILABILITY OF SERVICE

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

- (I) RATES (Customers with metered water supply)
\$13.38 per 1,000 gallons

(I) MINIMUM CHARGE

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

5/8 inch meter	\$ 26.76 per month
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1 inch meter	\$ 66.90 per month
1 1/2 inch meter	\$ 133.80 per month
2 inch meter	\$ 214.08 per month
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4 inch meter	\$ 669.00 per month
6 inch meter	\$1,338.00 per month
8 inch meter	\$2,140.80 per month

DELAYED PAYMENT PENALTY

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

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 the bank due to insufficient funds.

- (I) Indicates increase

SCHEDULE I, (Continued)

RECONNECTION FEE - \$20.00

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

TAP FEE

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

A tap fee of \$350.00 will be charged to all customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

\$1.66 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all consumption above the customer's historical average usage.

SCHEDULE II

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for private fire protection service.

RATES

Where connections, hydrants, sprinklers, etc., on property are maintained by consumer:

2 - inch line w/hydrants, sprinkler, and/or hose connections	\$ 6.00 per month
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10 - inch line w/hydrants, sprinkler, and/or hose connections	\$42.00 per month
12 - inch line w/hydrants, sprinkler, and/or hose connections	\$59.60 per month

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 24, 2009

FINAL

8/13/2009

CASE NO. 09-0115-PWD-CN

PENDLETON COUNTY PUBLIC SERVICE DISTRICT,
a public utility,
Pendleton County.

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system, for consent and approval of a water purchase agreement and for approval of related financing.

RECOMMENDED DECISION

PROCEDURE

On February 10, 2009, the Pendleton County Public Service District (District) filed an application for a certificate of public convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system under the auspices of West Virginia Code §24-2-11. The District also requested approval of a water purchase agreement between it and the Town of Franklin; that the Commission approve the proposed financing for the project; and that the Commission waive hearing on the application and the requirement that the District file a Tariff Rule 42 Exhibit. According to the application, the District currently provides service in Pendleton County. However, if its certificate application is approved, the District will provide water service to 87 new customers residing in Pendleton and Grant Counties.

The proposed construction will consist of approximately 15 miles of two-inch and six-inch water lines, a 74,000-gallon storage tank and a 50-gpm booster station with necessary appurtenances. The District estimates that the proposed project costs will not exceed \$3,143,000.

The project will be financed by a United States Department of Agriculture Rural Utilities Service loan in the amount of \$253,000 for a term of 40 years at an interest rate of 4.375%, a grant from the United States Department of Agriculture Rural Utilities Services in the amount of \$700,000, a Small Cities Block Grant in the amount of \$1,000,500 and a grant from the Infrastructure and Jobs Development Council in the amount of \$690,000. The District has obtained interim financing in the

amount of \$200,000 from the Small Cities Block Grant program for the preconstruction design of the project. The District will not request an increase in its existing tariff rates.

By Commission Order entered on February 11, 2009, the District was ordered to provide notice of the filing of its certificate application by publishing a copy of the February 10, 2009 Order in a newspaper, duly qualified with the Secretary of State, published and of general circulation in Pendleton County and Grant County, making due return to the Commission of a proper certification of publication immediately after publication.

Also on February 11, 2009, the District filed a copy of its "Readiness to Proceed Survey" for the project.

On February 17, 2009, the District filed a verification to its certificate application.

On February 23, 2009, the District filed the Rule 42 accounting information for its project and four additional user agreements associated with the project.

On February 25, 2009, the Commission referred this matter to the Division of Administrative Law Judges with a decision due date of June 25, 2009, if no timely public protest is received in response to the publication of the Notice of Filing, and a decision due date of September 8, 2009, if timely protest is received to the Notice of Filing.

Affidavits of publication were filed on March 9, 2009, confirming that the District published the Notice of Filing in the Grant County Press on February 17, 2009, and in The Pendleton Times on February 19, 2009, as Class I legal advertisements.

On March 18, 2009, Commission Staff filed its Initial Joint Staff Memorandum. Also, on March 18, 2009, Staff served its first data request on the District.

On April 7, 2009, the District filed its responses to Staff's first data request.

On April 9, 2009, the District filed four additional user agreements.

On May 11, 2009, Commission Staff filed its Final Joint Staff Memorandum recommending that the District either toll the proceeding until it receives a commitment letter from the Infrastructure Council for the grant monies associated with the project or that the certificate application be dismissed.

By Procedural Order issued on May 14, 2009, the undersigned provided the District until May 22, 2009, to advise as to why its certificate application should not be dismissed. The Notice of Filing had been published and no protest had been received thereto; however, the District had not provided a commitment letter from the Infrastructure Council for a key piece of the proposed project's funding package.

On May 18, 2009, the District filed five (5) additional user agreements.

On May 19, 2009, the District filed the funding commitment letter from the Infrastructure Council confirming that an Infrastructure Council grant in the amount of \$690,000 had been committed to the proposed project. Also, on May 19, 2009, the District filed a motion to toll the statutory deadline for an additional 30 days or until September 8, 2009, in order to provide Commission Staff sufficient time to complete its review of the certificate application.

By Commission Order entered on May 21, 2009, the Commission granted the District's motion; reset the decision due date from June 25, 2009, to July 27, 2009; and tolled the statutory deadline, as had been requested, until September 8, 2009.

On May 22, 2009, the District filed its response to the May 14, 2009 Procedural Order. The District asked that its certificate application not be dismissed since the requested information had been provided to Staff and since the statutory deadline had been extended until September 8, 2009.

By Procedural Order issued on June 15, 2009, Commission Staff was directed to file its final substantive recommendations regarding the final disposition of the instant certificate case no later than 4:00 p.m. on June 26, 2009.

On June 26, 2009, Commission Staff filed a Further Final Joint Staff Memorandum, indicating that it would need additional time to address the sufficiency of the water purchase contract that had been filed for approval in this case.

By Procedural Order issued on June 29, 2009, the undersigned ordered Staff to file its substantive recommendation regarding the water purchase contract filed on February 10, 2009, no later than 4:00 p.m. on July 2, 2009.

On June 30, 2009, the District filed a response to Staff's June 26, 2009 Further Final Joint Staff Memorandum. Among other things, the District advised that it has no objections to any of the Staff's recommendations stated therein. In order to facilitate the approval of the certificate application, the District requested that the application be modified and that its request for approval of the water purchase contract be removed.

On July 1, 2009, Commission Staff filed a Second Further Final Joint Staff Memorandum. Staff clarified its position and recommended that the certificate be approved, contingent upon the Staff-recommended rates in Case No. 08-2082-PWD-19A, Pendleton County Public Service District, being approved. Staff also advised that it supported the District's recommendation to bifurcate its request for approval of the water contract from the certificate application and review the matter in a separate proceeding. The Second Further Final Joint Staff Memorandum was mailed to the District by United States First Class Mail, postage prepaid, on July 1, 2009, with a letter from the Commission's Executive Secretary providing the District the opportunity, within ten days from

July 1, 2009, to file a response thereto. The ten days within which to respond expired on July 13, 2009. As of today's date, there has been no response filed by the District to Staff's Second Further Final Joint Staff Memorandum.

DISCUSSION

Once constructed,¹ the proposed project will provide potable water service to approximately eighty-seven (87) new customers residing in the Kline and Mozer areas who currently receive water service from individual wells and springs that contain discolored water and dry up seasonally. Water service for the project will be provided through the District's Upper Tract Water Treatment Plant which operates five (5) hours per day. With the addition of the customers to be served by the project, the District will have to increase operation at the plant to six and one-half (6-1/2) hours per day. The total project costs are estimated to be \$3,143,000, which equates to a total cost per customer of \$36,126. The Technical Analyst considers the total cost per customer to be high. However, the project is 90% grant-funded. Customer density is 6.2 customers per mile. The engineering fees are \$309,000. These fees equal 12.9% of the construction cost. Additionally, the District anticipates an increase of \$14,545, annually, in operation and maintenance (O&M) expenses as a result of the project. The Technical Analyst found the estimated increase in O&M expenses to be reasonable. Finally, the Technical Analyst noted that the State Office of Environmental Health Services issued Permit No. 18,193, indicating that the agency approves of the proposed construction. Likewise, the Technical Analyst's review of the project's plans and specifications did not reveal any conflicts with the Commission's rules and regulations. See, Engineering Review in Further Final Joint Staff Memorandum filed on June 26, 2009.

The Financial Review of the project reveals that the proposed project will be financed by the following funding sources:

1. United States Department of Agriculture Rural Utilities Services (RUS) Loan in the amount of \$253,000 with terms of 40 years at 4.375%;
2. United States Department of Agriculture Rural Utilities Services Grant in the amount of \$700,000;
3. Small Cities Block Grant in the amount of \$1,500,000; and a
4. West Virginia Infrastructure and Jobs Development Grant in the amount of \$690,000.

Additionally, in February 2008, the District received a Design and Administrative Grant from the Small Cities Block Grant Program in the

¹ Specifically, the proposed construction will consist of the installation of 68,716 feet of 6-inch water line; 5,005 feet of 2-inch water line; a 52-gallon per minute duplex water booster station with chlorination; a 74,000-gallon water storage tank; and a pressure-reducing station.

amount of \$200,000 that does not have to be repaid. See, Financial Review filed in Further Final Joint Staff Memorandum on June 26, 2009.

The RUS Loan requires an annual payment in the amount of \$13,704. In order to pay the debt service associated with the RUS Loan, the District will have to establish and fund monthly a debt service reserve account that equals 10% of the monthly payment required each month until the equivalent of one annual installment payment on the loan has been accumulated. Id.

The District's Rule 42 Exhibit filed in support of the application was based on the test year ended June 30, 2008; however, that Exhibit was error-laden. In response to Staff's request that the District file a revised Rule 42 Exhibit, the District requested that Staff use the Staff-recommended rates in Case No. 08-2082-PWD-19A, Pendleton County Public Service District, in support of the proposed project.²

In most 19A rate cases, the applicant usually requests that the Commission establish rates, which requires Commission Staff to prepare a Rule 42 Exhibit in support of the rates recommended for the applicant. Therefore, Financial Staff in the instant case used the Staff-prepared Rule 42 Exhibit in Case No. 08-2082-PWD-19A as the starting point for its analysis as to whether the instant project would be financially sound once constructed and in operation. Originally, the District stated that, as reflected in the Notice of Filing, the project would not require a rate increase because the District would use the rates established in its 30B rate case, Case No. 08-1751-PWD-30B, Pendleton County Public Service District. However, the District subsequently modified its position and advised that it would be using the Staff-recommended rates in its 19A rate case in support of the project. Therefore, Financial Staff assigned to this case used the District's going-level and project revenues and expenses from the Staff Rule 42 Exhibit filed in Case No. 08-2082-PWD-19A in the instant case. Additionally, Financial Staff also used the Staff-recommended rates established in the 19A case and determined that those rates are sufficient to cover the project-related increased O&M expenses, including the debt service on the RUS Loan, and the District will not require any further increase to cover project costs. See, Further Final Joint Staff Memorandum filed June 26, 2009.

Based on the Staff-recommended rates in Case No. 08-2082-PWD-19A, the additional revenue to be gleaned from the 89 customers who have signed User's Agreements is \$32,152.³ Since the total expenses for the

²The decision due date for the District's 19A rate case is August 13, 2009, whereas, the due date in the instant case is July 27, 2009. Therefore, any certificate approved will be conditioned upon approval of the Staff-recommended rates in that case. See, Second Final Joint Staff Memorandum filed July 1, 2009.

³According to the bill analysis in Case No. 08-2082-PWD-19A, the average District customer uses 2,700 gallons per month. When this average usage is multiplied by the recommended rate of \$13.38

(continued...)

project are estimated to be \$30,423, including O&M, debt service and reserves, the project is financially feasible. Also, Financial Staff determined that the leak adjustment will be \$1.59 per M gallon and is to be used when the customer's bill reflects unusual consumption attributable to eligible leakage on the customer's side of the meter. Finally, based upon the Staff-recommended rates in the 19A proceeding, the District will have a cash surplus of \$3,391 and debt service coverage of 117.5%, which includes \$9,554 in its renewal and replacement account.

In order for the Pendleton County Public Service District to provide service under the proposed project, its boundaries had to increase, as it would be providing service in a part of Grant County. Therefore, in Case No. 09-0396-PWD-PC, Pendleton County Commission and Grant County Commission, the Pendleton and Grant County Commissions sought and obtained Commission approval, under West Virginia Code §16-13A-2, to enlarge the boundaries of the Pendleton County Public Service District. See, May 4, 2009 Order entered in Case No. 09-0396-PWD-PC, enlarging the District's boundaries.

Undeniably, the proposed project is needed in order to provide water service to individuals whose source of supply is less than adequate. The project has been permitted by the Office of Environmental Services and is fully funded with 90% grant money. The rates to be charged once the project is in service are reasonable. Furthermore, the District's boundaries have been enlarged, as required under West Virginia Code §16-13A-2, in order for the District to provide service in Grant County. Notwithstanding the issue regarding the water purchase contract, it appears from Staff's review of the application that the District has covered all bases.

An important issue to be determined in this case is the disposition of the water purchase contract consummated by and between the District and the Town of Franklin. As discussed in the procedural history of this case, in order to facilitate the approval of the certificate application, the District requested that the application be modified and that its request for approval of the water purchase contract be removed and considered under a separate docket. Commission Staff supported the District's recommendation to remove the water contract from the certificate application and review it in a separate proceeding. The undersigned has conducted a cursory review of the water purchase contract and agrees that the contract is in need of modification. Therefore, the District's June 30, 2009 request to modify its certificate application will be granted. The water purchase contract will be filed and considered under a separate docket number. Since the Town of Franklin serves as a source of water supply for the District, approval of the certificate application will be also conditioned upon approval being granted to a water purchase contract between the District and the Town. The Commission's Executive Secretary will be directed to remove the PC designation from the style of the case.

³(...continued)
per M gallons, the 89 new customers will provide \$32,152 in operating revenues.

Accordingly, the certificate application will be approved, subject to the approval of the Staff-recommended rates in Case No. 08-2082-PWD-19A and the District receiving approval of a water purchase contract between it and the Town of Franklin, which must be filed within sixty (60) days of the date that this decision becomes a final order of the Commission. Finally, as has been requested by Staff, since it could find no docket number under which the Commission approved the District's acceptance of the \$200,000 Small Cities Block Grant, the District is reminded that it may not accept grant money without the prior consent and approval of the Public Service Commission. West Virginia Code §16-13A-25.

FINDINGS OF FACT

1. On February 10, 2009, the Pendleton County Public Service District filed an application for a certificate of public convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system under the auspices of West Virginia Code §24-2-11. The District also requested approval of a water purchase agreement between it and the Town of Franklin; that the Commission approve the proposed financing for the project; and that the Commission waive hearing on the application and the requirement that the District file a Tariff Rule 42 Exhibit. (See, certificate application filed on February 10, 2009).

2. The District currently provides service in Pendleton County. If its certificate application is approved, the District will provide water service to at least 87 new customers residing in Pendleton and Grant Counties. (See, certificate application filed on February 10, 2009).

3. No protests have been filed to the certificate application. Affidavits of Publication were filed on March 9, 2009, confirming that the District published the Notice of Filing in the Grant County Press on February 17, 2009, and in The Pendleton Times on February 19, 2009, as Class I legal advertisements. (See, affidavits filed on March 9, 2009; case file generally).

4. By Commission Order entered on May 4, 2009, in Case No. 09-0396-PWD-PC, The County Commission of Pendleton County and The County Commission of Grant County, the boundaries of the Pendleton County Public Service District were extended to include the portion of Grant County that will be served by the proposed project. (See, May 4, 2009 Order entered in Case No. 09-0396-PWD-PC).

5. The District modified its application on June 30, 2009, requesting that approval of the water purchase contract with the Town of Franklin be filed and approved under separate docket number. The District also advised that it agreed with Staff's recommendations filed on June 26, 2009. (See, response to Further Final Joint Staff Memorandum filed on June 30, 2009).

6. The customers to be served by the project currently receive water service from individual wells and springs that contain discolored

water and dry up seasonally. (See, Further Final Joint Staff Memorandum filed on June 26, 2009).

7. The State Office of Environmental Health Services issued Permit No. 18,193, indicating that the agency approves of the proposed construction. Likewise, the Technical Analyst's review of the project's plans and specifications did not reveal any conflicts with the Commission's rules and regulations. (See, Further Final Joint Staff Memorandum filed on June 26, 2009; case file generally).

8. The cost of the project is estimated at \$3,143,000, which will be funded by a United States Department of Agriculture Rural Utilities Services Loan in the amount of \$253,000 with terms of 40 years at 4.375%; a United States Department of Agriculture Rural Utilities Services Grant in the amount of \$700,000; a Small Cities Block Grant in the amount of \$1,500,000; and a West Virginia Infrastructure and Jobs Development Grant in the amount of \$690,000. The appropriate commitment letters are contained in the case file. (See, Exhibit 11 and its subparts filed with the certificate application on February 10, 2009).

9. After review of the project, Staff recommended that the certificate be approved, contingent upon the Staff-recommended rates in Case No. 08-2082-PWD-19A, Pendleton County Public Service District, being approved. Staff also advised that it supported the District's request to remove the water contract from the certificate application and review it in a separate proceeding. (See, June 30, 2009 response of the District to the Further Final Joint Staff Memorandum; Second Further Final Joint Staff Memorandum filed on July 1, 2009).

10. The Staff recommendation was mailed to the District by United States First Class Mail, postage prepaid, on July 1, 2009, with a letter from the Commission's Executive Secretary providing the District the opportunity, to respond within ten days. As of today's date, there has been no response filed by the District to Staff's Second Further Final Joint Staff Memorandum. (See, Executive Secretary's letter dated July 1, 2009; case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project and the project is financially feasible, since it is fully funded by 90% grant money, so long as the Staff-recommended rates in Case No. 08-2082-PWD-19A are approved and approval is granted to a water purchase contract between the District and the Town of Franklin.

2. It is reasonable to review the District's proposed water purchase contract with the Town of Franklin under a separate docket number.

3. It is reasonable to grant the certificate application filed by the Pendleton County Public Service District, as modified, without hearing, with the conditions recommended by Staff.

4. It is reasonable to require the Pendleton County Public Service District to cease and desist from accepting grant monies without prior Commission approval as is required by West Virginia Code §16-13A-25.

ORDER

IT IS, THEREFORE, ORDERED that the certificate application filed by the Pendleton County Public Service District on February 10, 2009, for a certificate of public convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system under the auspices of West Virginia Code §24-2-11(a) at an estimated cost of \$3,143,000, be, and hereby is, approved, conditioned upon approval of the Staff-recommended rates in Case No. 08-2082-PWD-19A and approval of a water purchase contract between the District and the Town of Franklin.

IT IS FURTHER ORDERED that the proposed funding for the project, consisting of a United States Department of Agriculture Rural Utilities Services Loan in the amount of \$253,000 with terms of 40 years at 4.375%; a United States Department of Agriculture Rural Utilities Services Grant in the amount of \$700,000; a Small Cities Block Grant in the amount of \$1,500,000; and a West Virginia Infrastructure and Jobs Development Grant in the amount of \$690,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Pendleton County Public Service District obtain additional Commission approval, prior to construction, if the plans or scope of the project changes.

IT IS FURTHER ORDERED that, if a change in the project cost does not change project rates, no additional Commission approval is necessary, however, the District will be required to file an affidavit executed by its certified public accountant, verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that the District file with the Commission a copy of the engineer's certified bid tabulations for all contracts awarded for the project and submit a copy of the Certificate of Substantial Completion issued for each construction contract associated with the project, as soon as they become available.

IT IS FURTHER ORDERED that, if the project certificated herein requires the use of any West Virginia Department of Highways' rights-of-way, the Pendleton County Public Service District follow all applicable rules and regulations of the Department of Highways regarding those rights-of-way.

IT IS FURTHER ORDERED that the Pendleton County Public Service District file, no later than 60 days after this Recommended Decision becomes a final order of the Commission, copies of its proposed water purchase contract with the Town of Franklin, under separate docket number, for review and approval by the Commission.

IT IS FURTHER ORDERED that, upon the rates approved in Case No. 08-2082-PWD-19A, Pendleton County Public Service District, becoming final, but no later than 10 days thereafter, the District file a copy of those

rates in this case as a closed entry. If those rates are less than the Staff-recommended rates therein, the District must petition the Commission to reopen this matter for review of those rates in conjunction with this project.

IT IS FURTHER ORDERED that the "PC" designation be removed from the instant case number, since the District's proposed water purchase contract with the Town of Franklin will be reviewed under a separate docket number.

IT IS FURTHER ORDERED that this case be, and it hereby is, stricken from the Commission's docket of open cases.

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

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

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

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


Meyishi Pearl Blair
Administrative Law Judge

MPB:s:cdk
090115ac.wpd

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2009 A BONDS

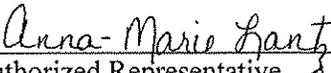
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 26th day of October, 2009, at Franklin, West Virginia, the undersigned received for the Purchaser the Pendleton County Public Service District Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), No. AR-1 (the "Series 2009 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$253,000, dated the date hereof, bearing interest at the rate of 4.25% per annum, payable in monthly installments as stated in the Bond. The Series 2009 A Bonds represent the entire above captioned Bond issue.

2. At the time of such receipt, the Series 2009 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Pendleton County Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$10,300, being a portion of the principal amount of the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 26th day of October, 2009.



Authorized Representative

10.13.09
694280.00004

SPECIMEN

UNITED STATES OF AMERICA
PENDLETON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$253,000

No. AR-1

Date: October 26, 2009

FOR VALUE RECEIVED, PENDLETON COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO HUNDRED FIFTY THREE THOUSAND DOLLARS (\$253,000), plus interest on the unpaid principal balance at the rate of 4.25% 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 \$1,121, 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 October 22, 2009, 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.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S:

- (1) WATER REVENUE BONDS, SERIES 1983 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 5, 1983 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$92,000 (THE "SERIES 1983 BONDS");
- (2) WATER REVENUE BONDS, SERIES 1985 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 17, 1985 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$160,000 (THE "SERIES 1985 BONDS");
- (3) WATER REVENUE BONDS, SERIES 1987 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 28, 1987 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$432,000 (THE "SERIES 1987 BONDS"); AND
- (4) WATER REVENUE BONDS, SERIES 1996 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 10, 1996 ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF \$450,000 (THE "SERIES 1996 BONDS").

THE SERIES 1983 BONDS, SERIES 1985 BONDS, SERIES 1987 BONDS AND SERIES 1996 BONDS ARE COLLECTIVELY, THE "PRIOR BONDS."

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, PENDLETON COUNTY 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.

PENDLETON COUNTY PUBLIC
SERVICE DISTRICT

[CORPORATE SEAL]


Chairman, Public Service Board

ATTEST:


Secretary, Public Service Board

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$10,300	10/26/09	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$253,000

REGISTRATION BOOKS

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

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	October 26, 2009	United States Department of Agriculture	

10.13.09
694280.00004



October 26, 2009

Pendleton County Public Service District
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Pendleton County Public Service District
Franklin, 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 Pendleton County Public Service District in Pendleton County, West Virginia (the "Issuer"), of its \$253,000 Water Revenue Bonds, Series 2009 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 Bond Resolution duly adopted by the Issuer on October 22, 2009, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1983, dated May 5, 1983, issued in the original aggregate principal amount of \$92,000 (the "Series 1983 Bonds"); (ii) Water Revenue Bonds, Series 1985, dated August 2, 1985, issued in the original aggregate principal amount of \$160,000 (the "Series 1985 Bonds"); (iii) Water Revenue Bonds, Series 1987, dated July 28, 1987, issued in the original aggregate principal amount of \$432,000

(the "Series 1987 Bonds"); and (iv) Water Revenue Bonds, Series 1996, dated April 10, 1996, issued in the original aggregate principal amount of \$450,000 (the "Series 1996 Bonds").

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

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

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

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

Very truly yours,



STEPHENS & JOHNSON PLLC

SPONAUGLE & SPONAUGLE

ATTORNEYS AT LAW
P. O. BOX 578
223 CHESTNUT STREET
FRANKLIN, WEST VIRGINIA 26807-0578

GEORGE I. SPONAUGLE (1917-1995)
GEORGE I. SPONAUGLE II
GEORGE I. SPONAUGLE III

TELEPHONE: 304-358-2337
TELECOPIER: 304-358-2483

October 26, 2009

Pendleton County Public Service District
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Pendleton County Public Service District
Franklin, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Pendleton County Public Service District, a public service district in Pendleton County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a resolution of the Issuer duly adopted on October 22, 2009, (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 Pendleton County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

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

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

Very truly yours,



SPONAUGLE & SPONAUGLE

PRELIMINARY TITLE OPINION

Loan Applicant Pendleton County Public Service District	Address of Property Kline, Mill Run District	
Applicant for Title Examination Pendleton County Public Service District	County Pendleton	State WY

- I. At the request of the above-named applicant(s) for title examination, I have examined title to the real property described in attached Schedule A and, if the security includes a water right, to the water right described in attached Schedule B (such real property or water right, or both, herein referred to as "the property"), offered as security in connection with a loan to be made or insured by the United States of America, acting through the United States Department of Agriculture (USDA).
- II. My examination covered the period commencing with Deed dated February 5, 1900 , *
filed for record on March 7, 1900 , at _____ M. o'clock, to June 8, 2009 ,
_____ , at 11:00A M. o'clock.
- III. Based on said examination and any additional information concerning the title which has come to my attention, it is my opinion that title to the property, subject only to the encumbrances, reservations, exceptions, and defects, and the provisions of any security instrument authorizing future advances which would have priority over the proposed USDA security instrument, all of which are set forth at the end of the description, is vested in the following party or parties:

Maryan Dahmer Estate
- IV. In order to vest good and marketable title in fact to the property in the loan applicant or in the loan applicant and co-applicant as required or permitted by the respective USDA Agency, subject only to the encumbrances, exceptions, and reservations which under written authorization from the respective USDA Agency may remain outstanding, the following satisfactions, releases, payments, quitclaim deeds, warranty deeds, or affidavits or other conveyances or curative instruments, must be obtained and, unless otherwise indicated, recorded:

See Attachment
- V. The names of the parties, in addition to the loan applicant(s), who must execute the security instrument in order to give the respective USDA Agency a lien free and clear of dower, curtesy and homestead rights, are:

None
- VI. I will assist in closing the loan and promptly render a supplemental opinion covering the interval from the terminal date of the search covered by this Opinion to the time when the real estate security instrument and any other necessary instruments executed in connection with the loan are filed for record.
- VII. I have made the title examination, and issue this Opinion. This Opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America, acting through the United States Department of Agriculture and I assume liability to each hereunder.

6/11/09
(Date)

(Attorney's signature)

P. O. Box 578, Franklin, WV 26807

(Address)

Attachment

Preliminary Title Report

Pendleton County Public Service District

1600 square feet, Schmucker Road, Kline p/o Tax Map 29, Parcel 6 Mill Run District

IV: Encumbrances, exceptions, reservations, and defects:

(1) Real estate taxes are paid through 2008.

(2) The parcel of land subject of this report was a portion of a larger tract of real estate which may be subject to rights of way and easements in favor of utility companies, or others. However, due to insufficient descriptions, the title examiner cannot ascertain whether or not such rights of way or easements affect the subject parcel of real estate.

(3) Maryan Dahmer died testate November 8, 2008. Under the terms and conditions of her Last Will and Testament, of record in Will Book 17, at page 109, Ms. Dahmer devised her property equally to her sisters, Hannalyn D. Kiser and Sueanna L. Czarnick.

282

179-282

H.
Geo. I.
Spokane, W.

OPTION TO PURCHASE

Option given this 1st day of September 2008, by **MARYAN DAHMER**, of H.C. 32, Box 11, Upper Tract, West Virginia 26866, hereinafter referred to as "Optionor," to **PENDLETON COUNTY PUBLIC SERVICE DISTRICT**, of P.O. Box 861, Franklin, West Virginia 26807, hereinafter referred to as "Optionee."

SECTION ONE: GRANT OF OPTION

Optionor, in consideration of the sum of Five Hundred Dollars (\$500.00), paid by Optionee to Optionor, receipt of which Optionor acknowledges, Optionor grants to Optionee the exclusive right and option to purchase, on the following terms and conditions, that certain real property located in along Schmucker Road, Mill Run District, Pendleton County, West Virginia, and more specifically described as follows: A tract of real estate containing 1600 square feet (40' x 40'), more or less, and being a portion of that certain tract containing 80 acres, more or less, and identified as Parcel 6 of Tax Map No. 29, of the Mill Run District, Pendleton County, West Virginia, and more particularly shown on the attached drawings; and to which Optionor obtained title by will, entered into probate on November 29, 1975, and of record in the Clerk's Office of the County Commission of Pendleton County, West Virginia, in Will Book 8, at page 65, from Eva Dahmer. The certain tract containing 80 acres, more or less, is the same tract that was conveyed by deed dated February 5, 1900, and the tract containing 80 acres, more or less, is labeled as "First Tract" within said deed, and of record in the Clerk's Office of the County Commission of Pendleton County, West Virginia, in Deed Book No. 37, at page 340, from Charles E. Dahmer, et. al, hereinafter referred to as the "Property".

SECTION TWO: OPTION PERIOD

The term of this Option shall be for a period of five years, commencing on the 1st day of September 2008, and terminating at 5:00 P.M. on the 1st day of September 2013. The option may be so extended by purchaser for an additional period of five years by giving seller written notice of extension prior to the termination of the primary period, and paying to seller at the time of the notice the additional consideration of Five Hundred Dollars (\$500.00).

SECTION THREE: PURCHASE PRICE OF PROPERTY

The full purchase price of the Property is Three Thousand Five Hundred Dollars (\$3,500.00), which shall be payable as provided in this Option Agreement if Optionee elects to exercise this Option.

SECTION FOUR: APPLICATION OF CONSIDERATION TO PURCHASE PRICE

Optionee purchases the Property described in this Option under the terms and conditions of this Option agreement; the consideration paid for this Option shall be applied to the purchase price.

SECTION FIVE: RIGHT OF ENTRY AND PERMIT APPLICATIONS

During the option period and thereafter until closing, Optionee shall have the right to enter the real property described with such equipment and personnel as it necessary, for the purpose of conducting tests to determine whether the real property is suitable for the purposes intended by Optionee. This assumes that Optionee's investigative activities do not interfere with

the present use by Seller. These tests include surveying, soil tests, environmental testing, and other testing. Optionee assumes all responsibility for Optionee's acts and the acts of Optionee's agents and representatives in exercising the rights provided under this paragraph and agrees to indemnify, defend, and hold Seller from and against any and all liability, damage, loss, costs, and expenses resulting therefrom.

During the option period and thereafter until closing, Optionee may submit applications or, initiate formal requests for zoning, re-zoning, zoning variances, conditional use permits and other governmental permits, approvals, or other actions of any kind required to enable Optionee to carry out its intended use of the Property.

SECTION SIX: EXERCISE OF OPTION

Optionee may exercise this Option by giving Optionor written notice of the exercise, signed by the Optionee, before the time set forth in this Option Agreement for expiration. Within forty-five (45) days after receipt of the notice, Optionor shall deliver to Optionee, against payment of the purchase price, a general warranty deed to the Property. Tender of Optionee's valid check for the purchase price, less any amount already paid by Optionee and to be credited to Optionee, shall constitute a sufficient tender.

SECTION SEVEN: PROOF OF TITLE

1. Optionor, shall at expense of Optionee, furnish to Optionee written evidence of title acceptable to Optionee, that the title to the Property is free and clear of all defects except those specifically mentioned in this Option Agreement.

2. Title to the Property shall be conveyed free and clear of all encumbrances, except the following: Reservations and restrictions in the chain of title to the property.

SECTION EIGHT: APPORTIONMENT OF TAXES AND ASSESSMENTS

The real property taxes on the Property, whether a lien or not, assessed or to be assessed for the year in which this transaction is finally consummated shall be prorated between the parties to the date of delivery of the deed of conveyance; if the taxes are not determinable at the time of delivery of the deed of conveyance, the amount of the prior year's taxes shall then be used as a basis of proration and proration shall be on a calendar year basis. All special assessments, if any, shall be prorated on the same basis as the taxes.

SECTION NINE: FAILURE TO EXERCISE THE OPTION

If Optionee does not exercise this option in accordance with its terms and within the Option period, this Option and the rights of Optionee shall automatically and immediately terminate without notice. In the event Optionee fails to exercise this Option, Optionor shall retain the sum paid as consideration for this Option and be under no obligation to complete the Purchase and Sale contemplated under this Option Agreement.

SECTION TEN: TIME OF THE ESSENCE

Time is of the essence of this Option.

SECTION ELEVEN: NOTICES

Any notice under this option shall be given in writing to the party for whom it is intended in person or by registered mail at the following address, or such future address as may be designated in writing: to the seller, at the address set forth above; to the purchaser at the address set forth above.

SECTION ELEVEN: BINDING EFFECT

1. This Option shall bind and inure to the benefit of the parties to it, and their respective heirs, successors or assigns.

2. The Optionor and Optionee have executed this Option on the day and year first written above.

Maryan Dahmer
Maryan Dahmer, Optionor

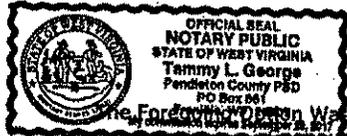
STATE OF WEST VIRGINIA,
COUNTY OF PENDLETON, to-wit:

I, Tammy L. George, a Notary Public in and for the County and State aforesaid do certify that Maryan Dahmer, whose name is signed to the foregoing Option, bearing date on the 1st day of September 2008, has acknowledged her signature before me in my said County and State.

Given under my hand this 23rd day of September, 2008.

My commission expires September 28, 2017.

Tammy L. George
Notary Public



The Foregoing Option Was Prepared without Benefit of a Title Examination By:
George & Sponaugle, Attorneys at Law,
P. O. Box 578, 223 Chestnut Street, Franklin, West Virginia 26807.



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

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P.O. Box 1588
Charleston, WV 25326-1588
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www.step-toe-johnson.com

Writer's Contact Information

October 26, 2009

Pendleton County Public Service District
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Pendleton County Public Service District
Franklin, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We are special counsel to Pendleton County Public Service District, a public service district in Pendleton County, West Virginia (the "Issuer"). As such counsel, we have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project.

We are of the opinion that:

1. The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the implementation of rates and charges, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered August 10, 2009, which became Final Order on August 30, 2009 in Case No. 08-2082-PWD-19A approving the rates and charges for the services of the System. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia dated July 24, 2009 which became Final Order on August 13, 2009 in Case No. 09-0115-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Order has expired prior to the date hereof.

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

Very truly yours,


STEP TOE & JOHNSON PLLC

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 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 SECRETARY of the Public Service Board of Pendleton County Public Service District, in Pendleton County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 26th day of October, 2009, in connection with the Pendleton County Public Service District Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$253,000 (the "Series 2009 A Bonds") as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2009 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated February 11, 2008, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted on October 22, 2009, authorizing issuance of the Series 2009 A Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein

shall have the same meaning as defined in the Bond Resolution when used herein. The Series 2009 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2009 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2009 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2009 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2009 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on August 10, 2009, which became Final Order of the PSC on August 30, 2009, in Case No. 09-0115-PWD-PC-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Recommended Decision has expired prior to the date hereof without any appeal. Such Order remains in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's (i) Water Revenue Bonds, Series 1983, dated May 5, 1983, issued in the original aggregate principal amount of \$92,000 (the "Series 1983 Bonds"); (ii) Water Revenue Bonds, Series 1985, dated August 2, 1985, issued in the

original aggregate principal amount of \$160,000 (the "Series 1985 Bonds"); (iii) Water Revenue Bonds, Series 1987, dated July 28, 1987, issued in the original aggregate principal amount of \$432,000 (the "Series 1987 Bonds"); and (iv) Water Revenue Bonds, Series 1996, dated April 10, 1996, issued in the original aggregate principal amount of \$450,000 (the "Series 1996 Bonds") (collectively, 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 2009 A Bonds as to liens, pledge and/or service of and security for payment.

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 hereof, officially execute and seal the Series 2009 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2009 A Bonds for the Issuer.

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

Bond Resolution

1983 Bond Resolution

1985 Bond Resolution

1987 Bond Resolution

1996 Bond Resolution

Consent of USDA to Issuance of Parity Bonds

USDA Letter of Conditions, with all amendments

Public Service Commission Order(s)

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Filing

Minutes on Adoption of Bond Resolution, Supplemental Resolution and Rules of Procedure

Bureau for Public Health Permit

United States Department of Agriculture Loan Agreement

West Virginia Infrastructure Fund Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Pendleton County Public Service District" and its principal office and place of business are in Pendleton 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>
Michael A. Wagoner	October 1, 2008	October 1, 2014
French A. Moates	December 1, 2003	December 1, 2009
Priscilla J. Mullenax	July 1, 2009	June 30, 2015

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2009 are as follows:

Chairman	-	Michael A. Wagoner
Secretary	-	Tammy George

The duly appointed and acting Attorney for the Issuer is Sponaugle & Sponaugle, of Franklin, West Virginia and Special PSC Counsel is Steptoe and Johnson, PLLC, of Charleston, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2009 A Bonds were delivered to the Purchaser at Franklin, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery, the Series 2009 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2009 A Bonds, the undersigned Chairman received \$10,300, being a portion of the principal amount of the Series 2009 A Bonds. Further advances of the balance of the principal amount of the Series 2009 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2009 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.25% per annum is payable from the date of each respective advance.

The Series 2009 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2009 A Bonds.

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

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

successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code.

12. CONNECTIONS, ETC.: The Issuer will serve at least 712 bona fide users with the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

14. GRANTS: As of the date hereof, the grant from the West Virginia Infrastructure Fund in the amount of \$690,000 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 Series 2009 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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 Blank]

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

French C. Moore

Chairman

Sammy George

Secretary

[Signature]

Attorney for Issuer

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Dominick Cerrone, Registered Professional Engineer, West Virginia License No. 014750 of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify this 26th day of October, 2009 that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing water system (the "System") of Pendleton County Public Service District (the "Issuer"), to be acquired and constructed in Pendleton County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

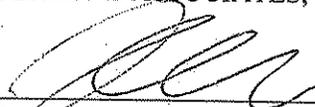
I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

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.

[Remainder of Page Intentionally Blank]

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

CERRONE ASSOCIATES, INC.



Dominick Cerrone, P.E.
West Virginia License No. 014750



SCHEDULE B

PENDLETON PUBLIC SERVICE DISTRICT
Kilne Mozer Water Extension

	RUS Grant	RUS Loan	SCBG Grant	IJDC Grant	TOTAL
A. COST OF PROJECT					
1 Construction & Cons. Cont.					
a. Contract 1	300,745	123,976	1,084,114	600,000	2,118,835
b. Contract 2	207,000				207,000
c. Construction contingency	168,255	11,756		90,000	270,011
2 Technical Services					
a. Basic	0		150,000		150,000
b. Inspection	0		143,023		143,023
c. Special Services	0		15,000		15,000
3 Legal/Fiscal					
a. Legal	8,000	32,000			40,000
b. PSC Counsel	0	7,500			7,500
4 Administrative					
a. Administrative Expenses (incl. arch.)	0		83,613		83,613
b. Permits, etc.	0		2,000		2,000
5 Sites & Other Lands	0		11,000		11,000
6 LMI Assessment	0	15,000			15,000
7 Accounting	0		1,250		1,250
8 Interest (4.5% - 2 years)		22,700	0		22,700
9 Project contingency	16,000	29,818			45,818
10 TOTAL of Lines 1 through 9	700,000	242,750	1,500,000	690,000	3,132,750
					0
B. SOURCES OF FUNDS					
11 USDA Rural Development-Grant	700,000				700,000
12 USDA Rural Development-Loan		242,750			242,750
13 WV IJDC Grant				690,000	690,000
14 Small Cities Block Grant			1,500,000		1,500,000
15 TOTAL Lines 11 through 14	700,000	242,750	1,500,000	690,000	3,132,750
16 Net Proceeds from Bond Issue	0	242,750	0		242,750
					0
C. COST OF FINANCING					
17 Funded Reserve	0		0		0
18 a. Bond Counsel	0	10,250	0		10,250
b. Registrar	0		0		0
19 Size of Bond Issue	0	253,000	0		253,000

PENDLETON PUBLIC SERVICE DISTRICT

Laurel C. Moore
Signature of Authorized Representative

Date: 10/22/09

CERRONE ASSOCIATES, INC.

Dominick P. Cerrone
Dominick P. Cerrone, PE

Date: 08-Oct-09

R. Thomas CPA & Associates

(Formerly Gohdes & Thomas, CPAs)

Rosalie E. Thomas, CPA

401 Maple Avenue
P.O. Box 655
Moorefield, WV 26836
Phone: (304) 530-2035
Fax: (304) 530-7367

October 26, 2009

Pendleton County Public Service District
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Pendleton County Public Service District
Franklin, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Step toe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia in Case No. 08-2082-PWD-19A, entered August 10, 2009, and projected operating expenses and anticipated customer usage as furnished to us by Cerrone and Associates, Inc., Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Pendleton County Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the (i) Water Revenue Bonds, Series 2009 A (United States Department of Agriculture) to be issued in the amount of \$253,000; and (ii) all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds, including the Issuer's (i) Water Revenue Bonds, Series 1983, dated May 5, 1983, issued in the original aggregate principal amount of \$92,000 (the "Series 1983 Bonds"); (ii) Water Revenue Bonds, Series 1985, dated August 2, 1985, issued in the original aggregate principal amount of \$160,000 (the "Series 1985 Bonds"); (iii) Water Revenue Bonds, Series 1987, dated July 28, 1987, issued in the original aggregate principal amount of \$432,000 (the "Series 1987 Bonds"); and (iv) Water Revenue Bonds, Series 1996, dated April 10, 1996, issued in the original aggregate principal amount of \$450,000 (the "Series 1996 Bonds") (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues for the Fiscal Year following the year in which the Series 2009 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2009 A Bonds.

Very truly yours,



Rosalie E. Thomas
Certified Public Accountant

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 4th day of May, 2009.

CASE NO. 09-0396-PWD-PC

THE COUNTY COMMISSION OF PENDLETON COUNTY,
Franklin, Pendleton County, and THE COUNTY COMMISSION
OF GRANT COUNTY, Petersburg, Grant County.

Petition for consent and approval to enlarge the service territory of Pendleton County Public Service District and to reduce the service territory of Grant County Public Service District.

COMMISSION ORDER

The Commission approves a petition to revise the service territory of two public service districts.

BACKGROUND

In Case Number 09-0115-PWD-PC-CN, the Pendleton County Public Service District has applied for a certificate of convenience and necessity for the Kline-Mozer project to extend its water system to serve 87 new customers, and a small portion of those new customers reside in Grant County. Grant County Public Service District does not object to the Grant County residents being served by the Pendleton County PSD. Application p. 4, Pendleton Co. PSD, Case No. 09-0115-PWD-PC-CN (filed Feb. 10, 2009).

Consistent with the recitations in the certificate application in Case Number 09-0115-PWD-PC-CN, the County Commissions of Pendleton County and Grant County petitioned on March 20, 2009, for the Public Service Commission's consent to enlarge the service territory of Pendleton County PSD and to reduce the service territory of Grant County PSD. In support of the petition, they filed

Pendleton County Commission

Grant County Commission

<p>County Commission Order entered Feb. 17, 2009, <i>proposing to enlarge</i> Pendleton County PSD's service territory</p>	<p>County Commission Order entered Feb. 10, 2009, <i>proposing to reduce</i> Grant County PSD's service territory</p>
<p>Affidavit certifying that the Feb. 17, 2009 Pendleton County Commission Order was posted in five conspicuous places in Grant County where Pendleton County PSD proposes to provide water service</p>	<p>Affidavit certifying that the Feb. 10, 2009 Grant County Commission Order was posted in five conspicuous places in Grant County where Pendleton County PSD proposes to provide water service</p>
<p>Affidavit of publication evidencing notice of the Pendleton County Commission's March 17, 2009 hearing on the <i>proposed enlargement</i> of Pendleton County PSD's service territory</p>	<p>Affidavit of publication evidencing notice of the Grant County Commission's March 10, 2009 hearing on the <i>proposed reduction</i> of Grant County PSD's service territory</p>
<p>County Commission Order entered March 17, 2009, <i>enlarging</i> Pendleton County PSD's service territory</p>	<p>County Commission Order entered March 10, 2009, <i>reducing</i> Grant County PSD's service territory</p>

See Exhibits A-G.

On April 13, 2009, Commission Staff advised that no opposition was raised to the proposed boundary changes at either of the county commission hearings. Initial & Final Joint Staff Memorandum p. 2.

Staff legal counsel advised that W. Va. Code §16-13A-2 was amended in 2005 to leave to the Public Service Commission's discretion whether a hearing should be conducted in the Public Service Commission proceedings relating to a proposed boundary change. Prior to this amendment, the Public Service Commission was statutorily required to hold a hearing, and the Commission's rules¹ have not been revised and still require a hearing in a boundary change case. Initial & Final Joint Staff Memorandum pp. 2-3.

Staff legal counsel expressed concern that without a Public Service Commission hearing, the affected public has no notice of the ability to provide information to the Public Service Commission as to whether the boundary change should occur. Initial & Final Joint Staff Memorandum p. 3. Staff legal counsel noted that in an Order entered on November 9, 2005, the Public Service Commission required such notice in Cabell County Commission, Case Number 05-1019-PSD-PC.

¹ Rule 7.3 of the Commission's Rules for the Government of Sewer Utilities, 150 C.S.R. Series 5, and Rule 8.3 of the Commission's Rules for the Government of Water Utilities, 150 C.S.R. Series 7.

Staff legal counsel also acknowledged that the Public Service Commission entered an Order on January 21, 2009, in Fayette County Commission, Case Number 08-1861-PWD-PC, reciting that it is within the Commission's discretion whether notice and hearing are necessary in Public Service Commission proceedings regarding boundary modification requests. Initial & Final Joint Staff Memorandum pp. 3-4. In that recent case, the Public Service Commission did not require any hearing or notice of the Public Service Commission proceeding, after a hearing on the proposed boundary change was noticed and held in the affected county and no one appeared at the county commission hearing. See Comm'n Order p. 2, Fayette Co. Comm'n, Case No. 08-1861-PWD-PC (Jan. 21, 2009).

Legal and technical Staff advised that the Grant and Pendleton County Commissions had complied with W. Va. Code § 16-13A-2 and recommended that the Commission consent to the enlargement of Pendleton County PSD's service territory and the reduction of Grant County PSD's service territory. Initial & Final Joint Staff Memorandum p. 4. Staff legal counsel deferred to the Public Service Commission as to whether notice of the Public Service Commission proceeding should be provided in this case. Id.

On April 23, 2009, the Grant and Pendleton County Commissions responded, stating that notices were posted and published in both Grant and Pendleton Counties and that the orders proposing enlargement and reduction each noted that the actions being taken were subject to Public Service Commission approval. Therefore, the Grant and Pendleton County Commissions argued that further notice was not necessary. Ltr. p. 1.

DISCUSSION

W. Va. Code §16-13A-2 establishes the requirements for revising public service district boundaries. In accordance with those requirements, the Pendleton County Commission provided notice, conducted a hearing and issued an order approving the enlargement of the Pendleton County PSD's service territory and the Grant County Commission provided notice, conducted a hearing and issued an order approving the reduction of the Grant County PSD's service territory. As required by W. Va. Code §16-13A-2(f), the Grant and Pendleton County Commissions now seek the approval of the Public Service Commission for these changes.

It is within the Public Service Commission's discretion to determine whether notice and hearing are necessary in Public Service Commission proceedings regarding proposed boundary modification. W. Va. Code §16-13A-2(f). No one appeared at the Grant and Pendleton County hearings after notice of the proposed changes was posted and published. Upon these facts, the Public Service Commission will not require any notice or hearing of the Public Service Commission proceedings and will approve the requested reduction of Grant County PSD service territory and the enlargement of the Pendleton County PSD service territory.

FINDINGS OF FACT

1. On March 20, 2009, the Grant and Pendleton County Commissions filed a petition for the Commission's approval of County Commission Orders to reduce the Grant County PSD service territory and enlarge the Pendleton County PSD service territory, pursuant to W. Va. Code §16-13A-2. See Petition & exhibits.

2. After notice and hearing, the Grant County Commission approved the reduction of the Grant County PSD service territory and the Pendleton County Commission approved the enlargement of the Pendleton County PSD service territory. See Petition Exhibits A & E.

3. Staff recommended that the petition be approved. Staff deferred to the Public Service Commission whether hearing and notice should be provided of the Public Service Commission proceedings. Initial & Final Joint Staff Memorandum pp. 3-4 (Apr. 13, 2009).

CONCLUSIONS OF LAW

1. No County Commission order regarding public service district boundary modifications is effective without approval by the Public Service Commission. W. Va. Code §16-13A-2.

2. Adequate public notice of the boundary change for the Pendleton County PSD and the Grant County PSD has been provided.

3. It is reasonable to approve the enlargement of the Pendleton County PSD service territory and the reduction of the Grant County PSD service territory so that Grant County residents in the affected area may receive public water service.

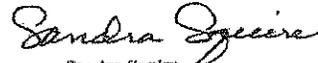
ORDER

IT IS THEREFORE ORDERED that the petition to reduce the service territory of Grant County PSD and to enlarge the service territory of Pendleton County PSD is approved.

IT IS FURTHER ORDERED that this case shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

CLW/sek
090396c.wpd



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
 (304) 353-8196 -- Telephone
 (304) 353-8181 -- Facsimile
 john.stump@stepToe-johnson.com

March 20, 2009

Via Hand Delivery

Sandra Squire, *Executive Secretary*
 Public Service Commission of West Virginia
 201 Brooks Street
 Charleston, West Virginia 25323

Re: CASE NO.: 09-0396-PWD-PC
**THE COUNTY COMMISSION
 OF PENDLETON COUNTY and
 THE COUNTY COMMISSION
 OF GRANT COUNTY**

Petition for consent and approval to enlarge the service territory of Pendleton County Public Service District and to reduce the service territory of Grant County Public Service District.

RECEIVED
 09 MAR 20 PM 4: 51
 WV PUBLIC SERVICE
 COMMISSION
 SECRETARY'S OFFICE

Dear Ms. Squire:

Enclosed herein for filing on behalf of the County Commission of Pendleton County ("Pendleton County Commission") and the County Commission of Grant County ("Grant County Commission") please find the original and twelve (12) copies of the following:

A. Pendleton County Commission

1. March 17, 2009 order of the Pendleton County Commission enlarging the service territory of Pendleton County Public Service District ("Pendleton County PSD"), attached hereto as "Exhibit A";
2. Affidavit certifying that the Pendleton County Commission's February 17, 2009 order proposing enlargement of Pendleton County PSD's service territory was posted in five (5) conspicuous places in Grant County that are located in the enlarged service territory, attached hereto as "Exhibit B";
3. February 20, 2009 letter to Sandra Squire filing with the Commission the Pendleton County Commission's February 17, 2009 order proposing enlargement of Pendleton County PSD's service territory, attached hereto

as "Exhibit C";

4. March 9, 2009 letter to Sandra Squire filing with the Commission an affidavit of publication evidencing notice of the Pendleton County Commission's March 17, 2009 hearing on the proposed enlargement of Pendleton County PSD's service territory, attached hereto as "Exhibit D".

B. Grant County Commission

1. March 10, 2009 order of the Grant County Commission reducing the service territory of Grant County Public Service District ("Grant County PSD"), attached hereto as "Exhibit E";
2. Affidavit certifying that the Grant County Commission's February 10, 2009 order proposing reduction of Grant County PSD's service territory was posted in five (5) conspicuous places in Grant County that are located in the reduced service territory, attached hereto as "Exhibit F";
3. February 20, 2009 letter to Sandra Squire filing with the Commission the Grant County Commission's February 10, 2009 order proposing reduction of Grant County PSD's service territory, attached hereto as "Exhibit C";
4. February 27, 2009 letter to Sandra Squire filing with the Commission an affidavit of publication evidencing notice of the Grant County Commission's March 10, 2009 hearing on the proposed reduction of Grant County PSD's service territory, attached hereto as "Exhibit G"; and

I ask that you please file the enclosed documents and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,



John C. Stump
WVSB No. 6385

JCS/tms
Enclosures

cc: Michael A. Wagoner, Chairman (w/o enclosure)
Terry Lively, Assistant Director (w/o enclosure)
Dominick P. Cerrone, P.E. (w/o enclosure)

694280.00003

CH5113462.2

THE COUNTY COMMISSION OF PENDLETON COUNTY

AN ORDER ENLARGING THE WATER SERVICE AUTHORITY OF
PENDLETON COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Pendleton County is empowered to, upon its own motion by order duly adopted, propose the enlargement of the service authority of public service districts;

WHEREAS, on February 17, 2009, The County Commission of Pendleton County considered the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently outside the existing service territory of said district;

WHEREAS, on March 17, 2009, a hearing was conducted before The County Commission of Pendleton County pursuant to the Order of the Commission adopted on February 17, 2009, regarding the proposed water extension project that would extend public water service to areas of Grant County, West Virginia that are presently outside the service territory of Pendleton County Public Service District;

WHEREAS, the areas of Grant County, West Virginia to be served by the water extension project proposed by Pendleton County Public Service District are not being furnished public water service from any other source;

WHEREAS, the County Commission of Grant County, West Virginia has consented to have the areas of Grant County to be served by the water extension projected included within the service territories of Pendleton County Public Service District; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the proposed water extension project, The County Commission of Pendleton County does hereby enlarge the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF PENDLETON COUNTY:

1. The County Commission of Pendleton County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, does hereby order enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia not being furnished public water service from any other source, particularly defined as the following territories:

BEGINNING at a point (N-675704.5212, E-2488072.6123) on the County Line of Grant and Pendleton County on the centerline of CR 1,

(Pendleton) and CR 9 (Grant); thence with six new lines of division and with the County Line,

N 50-18-11 W, 502.26 feet to a point (N-676025.3268, E-2487686.1587) on the County Line; thence leaving the Grant/Pendleton County Line and with the interior of Grant County,

N 35-03-00 E, 1828.98 feet to a point (N-677522.6199, E-2488736.5230); thence,

S 45-14-55 E, 556.33 feet to a point (N-677130.9445, E-2489131.6122) on the centerline of County Route 9; thence,

S 45-14-55 E, 474.88 feet to a point (N-676796.6157, E-2489468.8550); thence,

S 35-03-00 W, 1737.82 feet to a point (N-675373.9434, E-2488470.8378) on the Grant County – Pendleton County Line; thence with the County Line,

N 50-18-11 W, 517.56 feet to the **POINT OF BEGINNING**, containing 41.6 Acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached hereto as Exhibit A and made a part of this description.

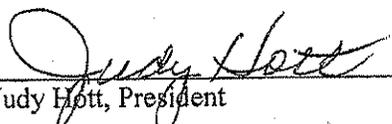
2. On March 17, 2009 at the hour of 9:00 a.m., The County Commission of Pendleton County met in the Pendleton County Courthouse at Franklin, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the February 17, 2009 Order proposing enlargement of Pendleton County Public Service District's service territory, and conducted a public hearing on the proposed enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia described above and not being furnished public water service from any other source. All persons residing in or owning or having any interest in property in the territory of the proposed enlargement area of Pendleton County Public Service District's service territory had an opportunity to be heard for or against the proposed enlargement.

3. At the March 17, 2009 hearing, The County Commission of Pendleton County considered and determined the feasibility of the enlargement of Pendleton County Public Service District's service territory and determined that the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience to the proposed enlarged area and that the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed enlarged area.

4. Notice of the March 17, 2009 hearing and description of the territory of the proposed enlargement of Pendleton County Public Service District's service territory was published as a Class I legal advertisement at least ten (10) days prior to the hearing in each city, incorporated town or municipal corporation in Grant County which is located in the proposed enlargement area. In addition, notice of the hearing and description of the territory included in the proposed enlargement of Pendleton County Public Service District's service territory was posted in at least five (5) conspicuous places in Grant County which are located in the proposed enlargement area.

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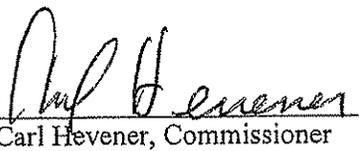
Entered this 17th day of March, 2009.



Judy Hott, President



Robert Armentrout, Commissioner

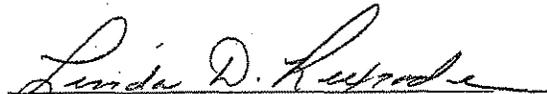


Carl Hevener, Commissioner

CERTIFICATION

Certified a true copy of an Order duly entered by THE COUNTY COMMISSION OF PENDELTON COUNTY on the 17th day of March, 2009.

Dated: March 17, 2009.


County Clerk

[SEAL]

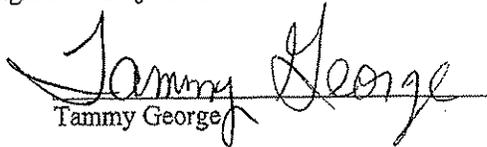
3.12.09
694280.00002

AFFIDAVIT OF PUBLIC NOTICE
BY POSTING

STATE OF WEST VIRGINIA

COUNTY OF Pendleton, to wit:

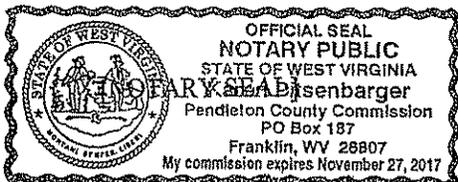
I, Tammy George, being first fully sworn upon my oath, do depose and say that a certified copy of The County Commission of Pendleton County's February 17, 2009 Order proposing enlargement of Pendleton County Public Service District's service territory was posted in five (5) conspicuous places in Grant County that are located in the enlarged service territory not less than ten (10) days prior to The County Commission of Pendleton County's March 17, 2009 public hearing on the enlargement of Pendleton County Public Service District's service territory, as required by West Virginia Code § 16-13A-2.


Tammy George

Taken, subscribed and sworn to before me in said county this 17 day of March, 2009.

My commission expires November 27, 2017.


Notary Public



694280.00003

CH5110103.1



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

Writer's Contact Information
(304) 353-8196 - Telephone
(304) 353-8181 - Facsimile
john.stump@step toe-johnson.com

February 20, 2009

Via Hand Delivery

Sandra Squire, Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

RECEIVED
09 FEB 20 PM 4:34
W.VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Re: CASE NO.: 09-_____ - PWD-PC
THE COUNTY COMMISSION
OF PENDLETON COUNTY and
THE COUNTY COMMISSION
OF GRANT COUNTY

Petition for consent and approval to
enlarge the service territory of
Pendleton County Public Service
District and to reduce the service
territory of Grant County Public
Service District.

Dear Ms. Squire:

Enclosed herein for filing on behalf of the County Commission of Pendleton
County (the "Pendleton County Commission") and the County Commission of Grant County (the
"Grant County Commission") please find the original and twelve (12) copies of the following:

1. February 17, 2009 order of the Pendleton County Commission proposing
the enlargement of Pendleton County Public Service District's ("Pendleton
County PSD") service territory to include areas located in Grant County,
West Virginia; and
2. February 10, 2009 order of the Grant County Commission proposing the
reduction of Grant County Public Service District's ("Grant County PSD")
service territory to mirror the enlargement of Pendleton County PSD's
service territory.

The Pendleton County Commission will hold a public hearing on the proposed
enlargement of Pendleton County PSD's service territory on Tuesday, March 17, 2009 at 9 a.m.
in the Pendleton County Courthouse at Franklin, West Virginia. Notice of the Pendleton County
Commission's public hearing will be published in the *Grant County Press* on March 3, 2009.

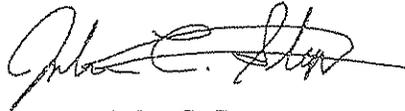
Sandra Squire, *Executive Secretary*
February 20, 2009
Page 2

The Grant County Commission will hold a public hearing on the proposed reduction of Grant County PSD's service territory on Tuesday, March 10, 2009 at 9 a.m. in the Grant County Courthouse at Petersburg, West Virginia. Notice of the Grant County Commission's public hearing will be published in the *Grant County Press* on February 24, 2009.

The enlargement of Pendleton County PSD's service territory will permit the district to service customers in Grant County who are not presently being furnished public water service from any other source. Also, the extension of Pendleton County PSD's waterworks distribution system into Grant County is part of the district's Kline-Mozer water extension project, which is the subject of Commission Case No. 09-0115-PWD-PC-CN.

I ask that you please file the enclosed orders and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,



John C. Stump
WVSB No. 6385

JCS/tms
Enclosures

cc: Michael A. Wagoner, Chairman (w/o enclosure)
Terry Lively, Assistant Director (w/o enclosure)
Dominick P. Cerrone, P.E. (w/o enclosure)

694280.00003

RECEIVED
09 FEB 20 PM 4: 34
WV STATE SERVICE
COMMISSION
SECRETARY'S OFFICE

THE COUNTY COMMISSION OF GRANT COUNTY

AN ORDER PROPOSING THE REDUCTION OF THE WATER
SERVICE AUTHORITY OF GRANT COUNTY PUBLIC SERVICE
DISTRICT AND FIXING A DATE OF HEARING ON THE
PROPOSED REDUCTION AND PROVIDING FOR NOTICE OF
PUBLIC HEARING

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Grant County is empowered to, upon its own motion by order duly adopted, propose the reduction of the service authority of public service districts;

WHEREAS, on the 10th day of February, 2009, The County Commission of Grant County considered the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently within the service territory of Grant County Public Service District;

WHEREAS, the areas of Grant County, West Virginia to be served by the water extension project proposed by Pendleton County Public Service District are not being furnished public water service from any other source; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the proposed water extension project, The County Commission of Grant County does hereby propose reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not being furnished public water service from any other source and to be served by Pendleton County Public Service District, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF GRANT COUNTY:

1. The County Commission of Grant County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, proposes the reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not being furnished public water service from any other source and to be served by Pendleton County Public Service District, particularly defined as the following territories:

BEGINNING at a point (N-675704.5212, E-2488072.6123) on the County Line of Grant and Pendleton County on the centerline of CR 1, (Pendleton) and CR 9 (Grant); thence with six new lines of division and with the County Line,

N 50-18-11 W, 502.26 feet to a point (N-676025.3268, E-2487686.1587) on the County Line; thence leaving the Grant/Pendleton County Line and with the interior of Grant County,

N 35-03-00 E, 1828.98 feet to a point (N-677522.6199, E-2488736.5230); thence,

S 45-14-55 E, 556.33 feet to a point (N-677130.9445, E-2489131.6122) on the centerline of County Route 9; thence,

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S 35-03-00 W, 1737.82 feet to a point (N-675373.9434, E-2488470.8378) on the Grant County – Pendleton County Line; thence with the County Line,

N 50-18-11 W, 517.56 feet to the **POINT OF BEGINNING**, containing 41.6 Acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached hereto as Exhibit A and made a part of this description.

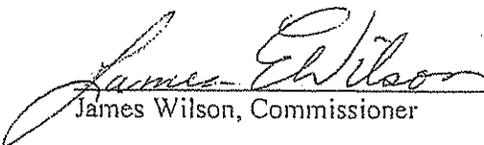
2. On March 10, 2009 at the hour of 9:00 a.m., The County Commission of Grant County shall meet in the Grant County Courthouse at Petersburg, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of this Order, for the purpose of conducting a public hearing on the proposed reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia described above and not being furnished public water service from any other source and to be served by Pendleton County Public Service District, at which time and place all persons residing in or owning or having any interest in property in the territory of the proposed reduction area of Grant County Public Service District may appear before the County Commission of Grant County and shall be provided an opportunity to be heard for or against the proposed reduction.

3. At the hearing to be conducted as aforesaid, The County Commission of Grant County shall consider and determine the feasibility of the reduction of Grant County Public Service District's service territory and shall determine if the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience to the proposed reduction area and whether the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed reduction area.

4. The Clerk of The County Commission of Grant County shall cause notice of the hearing and description of the territory of the proposed reduction of Grant County Public Service District's service territory to be published as a Class I legal advertisement at least ten (10) days prior to the hearing in each city, incorporated town or municipal corporation in Grant County which is located in the proposed reduction area. In addition, notice of the hearing and description of the territory of the proposed reduction of Grant County Public Service District's service territory shall be posted in at least five (5) conspicuous places in Grant County that are located in the proposed reduction area.

Entered this 19th day of February, 2009.


James C. Cole., President

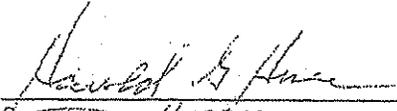

James Wilson, Commissioner


Doug Swick, Commissioner

CERTIFICATION

Certified a true copy of an Order duly entered by THE COUNTY COMMISSION OF GRANT COUNTY on the 18th day of Feb, 2009.

Dated: Feb 19, 2009.



Secretary CLERK

[SEAL]

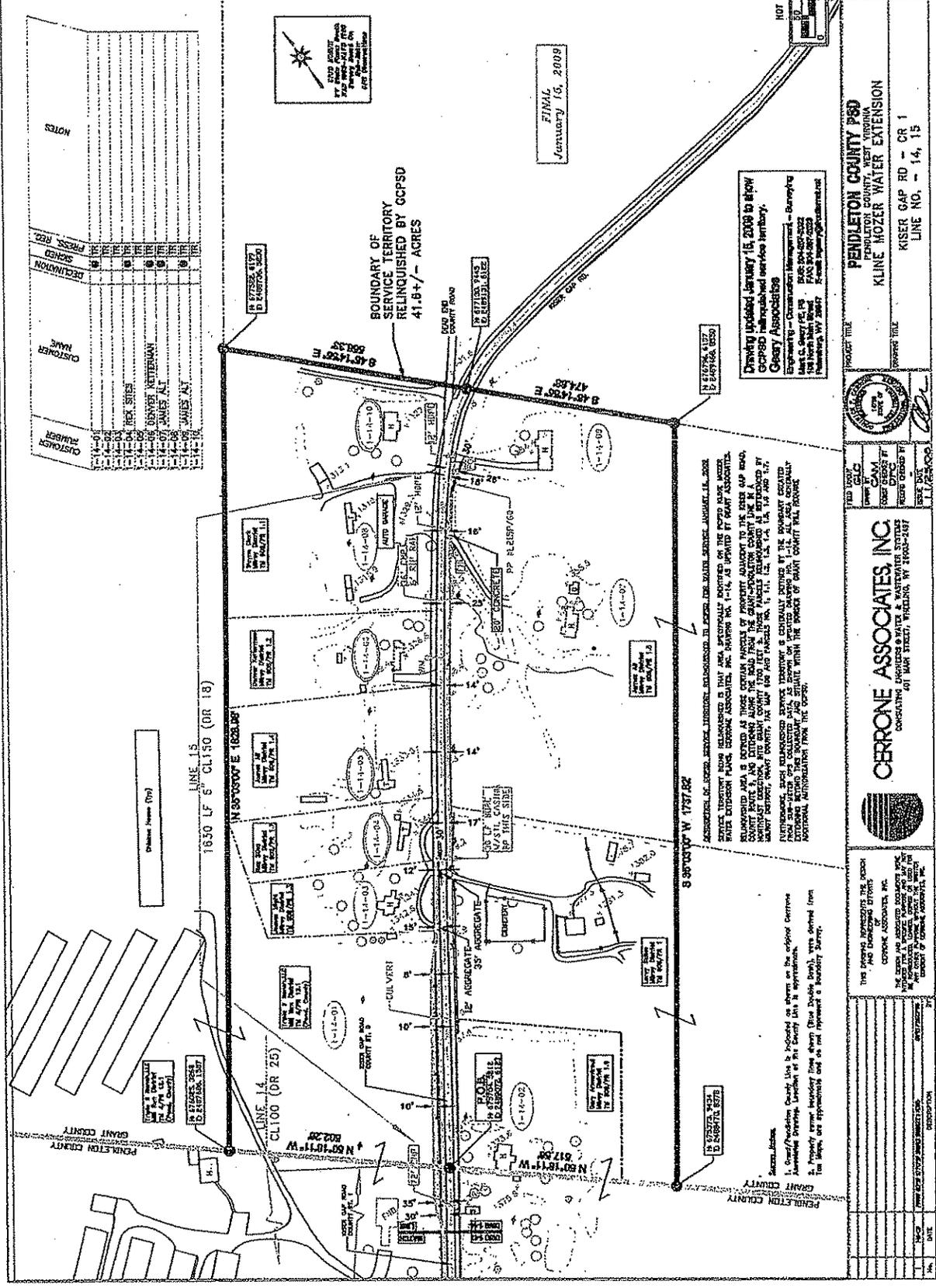
02.05.09
694280.00002

CUSTOMER NUMBER	CUSTOMER NAME	ADDRESS	PHONE	DATE
101	DAVID REITERMAN	101 W. 10th St.	610-338-1111	1/15/09
102	JAMES A. L.	102 W. 10th St.	610-338-1111	1/15/09
103	JAMES A. L.	103 W. 10th St.	610-338-1111	1/15/09
104	JAMES A. L.	104 W. 10th St.	610-338-1111	1/15/09
105	JAMES A. L.	105 W. 10th St.	610-338-1111	1/15/09
106	JAMES A. L.	106 W. 10th St.	610-338-1111	1/15/09
107	JAMES A. L.	107 W. 10th St.	610-338-1111	1/15/09
108	JAMES A. L.	108 W. 10th St.	610-338-1111	1/15/09
109	JAMES A. L.	109 W. 10th St.	610-338-1111	1/15/09
110	JAMES A. L.	110 W. 10th St.	610-338-1111	1/15/09

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMITS	1/15/09
2	ISSUED FOR PERMITS	1/15/09
3	ISSUED FOR PERMITS	1/15/09
4	ISSUED FOR PERMITS	1/15/09
5	ISSUED FOR PERMITS	1/15/09
6	ISSUED FOR PERMITS	1/15/09
7	ISSUED FOR PERMITS	1/15/09
8	ISSUED FOR PERMITS	1/15/09
9	ISSUED FOR PERMITS	1/15/09
10	ISSUED FOR PERMITS	1/15/09

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMITS	1/15/09
2	ISSUED FOR PERMITS	1/15/09
3	ISSUED FOR PERMITS	1/15/09
4	ISSUED FOR PERMITS	1/15/09
5	ISSUED FOR PERMITS	1/15/09
6	ISSUED FOR PERMITS	1/15/09
7	ISSUED FOR PERMITS	1/15/09
8	ISSUED FOR PERMITS	1/15/09
9	ISSUED FOR PERMITS	1/15/09
10	ISSUED FOR PERMITS	1/15/09

NOTES



FINAL
January 16, 2009

BOUNDARY OF SERVICE TERRITORY RELINQUISHED BY CCPSD
41.84 +/- ACRES

Drawing updated January 16, 2009 to show
CCPSD relinquished service territory.
Geary Associates
Geary Associates
100 North Main Street
Pottsville, PA 17854
Tel: 717-261-1111
Fax: 717-261-1111
E-mail: geary@gearyassociates.com

Section Notes
1. Grant/Proprietor's County Line is included as shown on the original Geary Associates drawing. Location of the County Line is approximate.
2. Property owner's boundary lines shown (Blue Dashed Line), were derived from the maps, are approximate and do not represent a boundary survey.

CERONE ASSOCIATES, INC. CONSULTING ENGINEERS & WATER & WASTEWATER SYSTEMS 401 MAIN STREET, WADING WY 17863-2187	
PROJECT TITLE PENDELTON COUNTY PSD KLINE HOZER WATER EXTENSION	PROJECT NO. PE00-14
DRAWN BY CR	CHECKED BY CR
DATE 1/15/09	SCALE AS SHOWN
PROJECT TITLE PENDELTON COUNTY PSD KLINE HOZER WATER EXTENSION	
PROJECT NO. PE00-14	
DRAWN BY CR	
CHECKED BY CR	
DATE 1/15/09	
SCALE AS SHOWN	
PROJECT TITLE PENDELTON COUNTY PSD KLINE HOZER WATER EXTENSION	
PROJECT NO. PE00-14	
DRAWN BY CR	
CHECKED BY CR	
DATE 1/15/09	
SCALE AS SHOWN	

THE COUNTY COMMISSION OF PENDLETON COUNTY

AN ORDER PROPOSING THE ENLARGEMENT OF THE WATER
SERVICE AUTHORITY OF PENDLETON COUNTY PUBLIC
SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE
PROPOSED ENLARGEMENT AND PROVIDING FOR NOTICE OF
PUBLIC HEARING

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Pendleton County is empowered to, upon its own motion by order duly adopted, propose the enlargement of the service authority of public service districts;

WHEREAS, on the 17th day of February, 2009, The County Commission of Pendleton County considered the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently outside the existing service territory of said district;

WHEREAS, the areas of Grant County, West Virginia to be served by the water extension project proposed by Pendleton County Public Service District are not being furnished public water service from any other source;

WHEREAS, the County Commission of Grant County, West Virginia has consented to have the areas of Grant County to be served by the water extension projected included within the service territories of Pendleton County Public Service District; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the proposed water extension project, The County Commission of Pendleton County does hereby propose enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF PENDLETON COUNTY:

1. The County Commission of Pendleton County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, proposes the enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia not being furnished public water service from any other source, particularly defined as the following territories:

BEGINNING at a point (N-675704.5212, E-2488072.6123) on the County Line of Grant and Pendleton County on the centerline of CR 1, (Pendleton) and CR 9 (Grant); ~~thence~~ with six new lines of division and with the County Line,

N 50-18-11 W, 502.26 feet to a point (N-676025.3268, E-2487686.1587) on the County Line; thence leaving the Grant/Pendleton County Line and with the interior of Grant County,

N 35-03-00 E, 1828.98 feet to a point (N-677522.6199, E-2488736.5230); thence,

S 45-14-55 E, 556.33 feet to a point (N-677130.9445, E-2489131.6122) on the centerline of County Route 9; thence,

S 45-14-55 E, 474.88 feet to a point (N-676796.6157, E-2489468.8550); thence,

S 35-03-00 W, 1737.82 feet to a point (N-675373.9434, E-2488470.8378) on the Grant County – Pendleton County Line; thence with the County Line,

N 50-18-11 W, 517.56 feet to the **POINT OF BEGINNING**, containing 41.6 Acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached hereto as Exhibit A and made a part of this description.

2. On March 17, 2009 at the hour of 9:00 a.m., The County Commission of Pendleton County shall meet in the Pendleton County Courthouse at Franklin, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of this Order, for the purpose of conducting a public hearing on the proposed enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia described above and not being furnished public water service from any other source, at which time and place all persons residing in or owning or having any interest in property in the territory of the proposed enlargement area of Pendleton County Public Service District may appear before the County Commission of Pendleton County and shall be provided an opportunity to be heard for or against the proposed enlargement.

3. At the hearing to be conducted as aforesaid, The County Commission of Pendleton County shall consider and determine the feasibility of the enlargement of Pendleton County Public Service District's service territory and shall determine if the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience to the proposed enlarged area and whether the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed enlarged area.

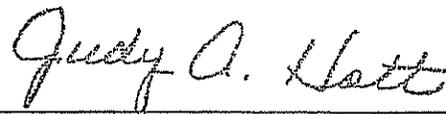
4. The Clerk of The County Commission of Pendleton County shall cause notice of the hearing and description of the territory of the proposed enlargement of Pendleton County Public Service District's service territory to be published as a Class I legal advertisement at least ten (10) days prior to the hearing in each city, incorporated town or municipal corporation in Grant County which is

located in the proposed enlargement area. In addition, notice of the hearing and description of the territory of the proposed enlargement of Pendleton County Public Service District's service territory shall be posted in at least five (5) conspicuous places in Grant County which are located in the proposed enlargement area.

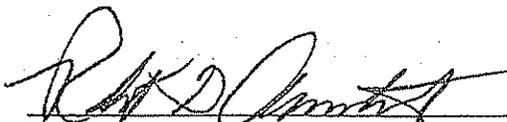
5. The Clerk of The County Commission of Pendleton County shall provide The County Commission of Grant County and its Clerk a certified copy of this Order and inform them of the proposed enlargement of Pendleton County Public Service District's service territory to include areas in Grant County.

[Remainder of Page Intentionally Blank]

Entered this 18 day of February, 2009.



Judy Hott, President



Robert Armentrout, Commissioner

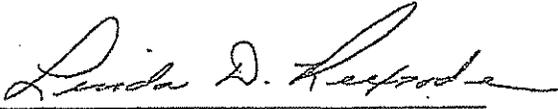


Carl Hevener, Commissioner

CERTIFICATION

Certified a true copy of an Order duly entered by THE COUNTY COMMISSION OF
PENDELTON COUNTY on the 18 day of February, 2009.

Dated: 2-18-, 2009.


Secretary

[SEAL]

02.05.09
694280.00002



**STEPTOE &
JOHNSON**
PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information
(304) 353-8148 – Telephone
(304) 353-8180 – Facsimile
todd.swanson@steptoeh-johnson.com

March 9, 2009

Via Hand Delivery

Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: CASE NO.: 09-_____ - PWD-PC
**THE COUNTY COMMISSION OF
PENDLETON COUNTY and THE
COUNTY COMMISSION OF
GRANT COUNTY**

Petition for consent and approval to enlarge
the service territory of Pendleton County
Public Service District and to reduce the
service territory of Grant County Public
Service District.

RECEIVED
MAR 10 2009
WV PUBLIC SERVICE COMMISSION
GENERAL COUNSEL'S OFFICE

Dear Ms. Squire:

Enclosed herein for filing on behalf of the County Commission of Pendleton County please find the original and twelve (12) copies of an affidavit of publication evidencing notice of the public hearing to be held on Tuesday, March 17, 2009 at 9 a.m. in the Pendleton County Courthouse at Franklin, West Virginia, regarding the proposed enlargement of Pendleton County PSD's service territory.

I ask that you please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8148.

Best Regards,

Todd M. Swanson
WVSB No. 10509

TMS

Enclosure

cc: Michael A. Wagoner, Chairman (w/o enclosure)
Terry Lively, Assistant Director (w/o enclosure)
Dominick P. Cerrone, P.E. (w/o enclosure)

694280.00003

CH5104862.1

Certificate of Publication

State of West Virginia
County of Grant, to-wit:

The undersigned hereby certifies
that the annexed notice was duly
published in the

Grant County Press

a weekly newspaper published at
Petersburg, Grant County, West
Virginia, for 1 consecutive
weeks ending on the 3 day of
March 2009

GRANT COUNTY PRESS
BY William C. Fouch
Editor

Publishing Notice \$ 182.16

Hand Bills _____

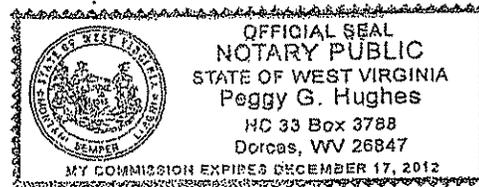
Miscellaneous _____

Total \$ 182.16

Sworn before me on this the 4
day of March 2009

Peggy G. Hughes
Notary Public

Dec 17, 2012
My Commission Expires



NOTARY PUBLIC
SECRETARY'S OFFICE

2009 MAR - 9 P 1:59

RECEIVED

THE COUNTY COMMISSION OF PENDLETON COUNTY

AN ORDER PROPOSING THE ENLARGEMENT OF THE WATER SERVICE AUTHORITY OF PENDLETON COUNTY PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED ENLARGEMENT AND PROVIDING FOR NOTICE OF PUBLIC HEARING.

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Pendleton County is empowered to, upon its own motion by order duly adopted, propose the enlargement of the service authority of public service districts;

WHEREAS, on the 17th day of February, 2009, The County Commission of Pendleton County considered the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently outside the existing service territory of said district;

WHEREAS, the areas of Grant County, West Virginia to be served by the water extension project proposed by Pendleton County Public Service District are not being furnished public water service from any other source;

WHEREAS, the County Commission of Grant County, West Virginia has consented to have the areas of Grant County to be served by the water extension project included within the service territories of Pendleton County Public Service District; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the proposed water extension project, The County Commission of Pendleton County does hereby propose enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF PENDLETON COUNTY:

1. The County Commission of Pendleton County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, proposes the enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia not being furnished public water service from any other source, particularly defined as the following territories:

BEGINNING at a point (N-575704.5212; E-2488072.6123) on the County line of Grant and Pendleton County on the centerline of CR 1; (Pendleton) and CR 9 (Grant) thence with six new lines of division and with the County Line N-50-18-11 W-502.26 feet to a point (N-576025.3266; E-2487686.1587) on the County Line thence leaving the Grant/Pendleton County Line and with the interior of Grant County

N-86-03-00 E-1828.98 feet to a point (N-577522.6199; E-2488736.5230) thence

S-45-14-55 E-556.33 feet to a point (N-577130.9445; E-2489131.6122) on the centerline of County Route 9 thence

S-45-14-55 E-474.88 feet to a point (N-576796.6157; E-2489468.8550) thence

S-35-03-00 W-1737.82 feet to a point (N-675376.9434; E-2488470.8378) on the Grant County - Pendleton County Line thence with the County Line

N-50-18-11 W-517.56 feet to the POINT OF BEGINNING containing 41.6 acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached herewith as Exhibit A and made a part of this description.

On March 17, 2009, at the hour of 9:00 a.m., the County Commission of Pendleton County shall meet in the Pendleton County Courthouse at Franklin, West Virginia, a date not more than forty (40) days, nor less than twenty (20) days from the date of this order, for the purpose of conducting a public hearing on the proposed enlargement of the water service authority of Pendleton County Public Service District to include the areas in Grant County, West Virginia described above, and, not being furnished public water service from any other source, at which time and place all persons residing in or owning or having any interest in property in the territory of the proposed enlargement area of Pendleton County Public Service District may appear before the County Commission of Pendleton County and shall be provided an opportunity to be heard for or against the proposed enlargement.

3. At the hearing to be conducted as aforesaid, The County Commission of Pendleton County shall consider and determine the feasibility of the enlargement of Pendleton County Public Service District's service territory and shall determine if the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience of the proposed enlarged area and whether the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed enlarged area.

4. The Clerk of the County Commission of Pendleton County shall cause notice of the hearing and description of the territory of the proposed enlargement of Pendleton County Public Service District's service territory to be published as a Class 1 legal advertisement at least ten (10) days prior to the hearing in each city, incorporated town or municipal corporation in Grant County which is located in the proposed enlargement area. In addition, notice of the hearing and description of the territory of the proposed enlargement of Pendleton County Public Service District's service territory shall be posted in at least five (5) conspicuous places in Grant County which are located in the proposed enlargement area.

5. The Clerk of the County Commission of Pendleton County shall provide the County Commission of Grant County and its Clerk a certified copy of this Order and inform them of the proposed enlargement of Pendleton County Public Service District's service territory to include areas in Grant County.

THE COUNTY COMMISSION OF GRANT COUNTY

AN ORDER REDUCING THE WATER SERVICE AUTHORITY OF
GRANT COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Grant County is empowered to, upon its own motion by order duly adopted, propose the reduction of the service authority of public service districts;

WHEREAS, on February 10, 2009, The County Commission of Grant County, upon consideration of the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently within the service territory of Grant County Public Service District, adopted an Order proposing reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not being furnished public water service from any other source and to be served by Pendleton County Public Service District;

WHEREAS, on March 10, 2009, a hearing was conducted before The County Commission of Grant County pursuant to the Order of the Commission adopted on February 10, 2009, regarding the proposed water extension project that would extend public water service to areas of Grant County, West Virginia that are presently within the service territory of Grant County Public Service District; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the aforementioned water extension project, The County Commission of Grant County does hereby reduce the water service territory of Grant County Public Service District, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF GRANT COUNTY:

1. The County Commission of Grant County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, does hereby order reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not being furnished public water service from any other source and to be served by Pendleton County Public Service District, particularly defined as the following territories:

BEGINNING at a point (N-675704.5212, E-2488072.6123) on the County Line of Grant and Pendleton County on the centerline of CR 1, (Pendleton) and CR 9 (Grant); thence with six new lines of division and with the County Line,

N 50-18-11 W, 502.26 feet to a point (N-676025.3268, E-2487686.1587) on the County Line; thence leaving the Grant/Pendleton County Line and with the interior of Grant County,

N 35-03-00 E, 1828.98 feet to a point (N-677522.6199, E-2488736.5230); thence,

S 45-14-55 E, 556.33 feet to a point (N-677130.9445, E-2489131.6122) on the centerline of County Route 9; thence,

S 45-14-55 E, 474.88 feet to a point (N-676796.6157, E-2489468.8550); thence,

S 35-03-00 W, 1737.82 feet to a point (N-675373.9434, E-2488470.8378) on the Grant County – Pendleton County Line; thence with the County Line,

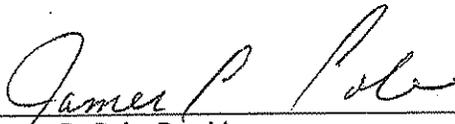
N 50-18-11 W, 517.56 feet to the **POINT OF BEGINNING**, containing 41.6 Acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached hereto as Exhibit A and made a part of this description.

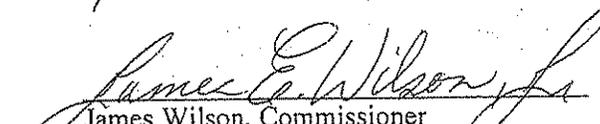
2. On March 10, 2009 at the hour of 9:00 a.m., The County Commission of Grant County met in the Grant County Courthouse at Petersburg, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the February 10, 2009 Order proposing reduction of Grant County Public Service District's service territory, and conducted a public hearing on the proposed reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia described above and not being furnished public water service from any other source and to be served by Pendleton County Public Service District. All persons residing in or owning or having any interest in property in the territory of the proposed reduction area of Grant County Public Service District's service territory had an opportunity to be heard for or against the proposed reduction.

3. At the March 10, 2009 hearing, The County Commission of Grant County considered and determined the feasibility of the reduction of Grant County Public Service District's service territory and determined that the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience to the proposed reduction area and that the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed reduction area.

4. Notice of the March 10, 2009 hearing and description of the territory included in the proposed reduction of Grant County Public Service District's service territory was published on February 24, 2009 as a Class I legal advertisement, which dated was at least ten (10) days prior to the March 10, 2009 hearing, in each city, incorporated town or municipal corporation in Grant County which is located in the proposed reduction area. In addition, notice of the hearing and description of the territory included in the proposed reduction of Grant County Public Service District's service territory was posted in five (5) conspicuous places in Grant County that are located in the proposed reduction area.

Entered this 10th day of March, 2009.


James C. Cole, President


James Wilson, Commissioner


Doug Swick, Commissioner

CERTIFICATION

Certified a true copy of an Order duly entered by THE COUNTY COMMISSION OF GRANT COUNTY on the 10th day of March, 2009.

Dated: March 10th, 2009.

Harold G. Hise
County Clerk

[SEAL]

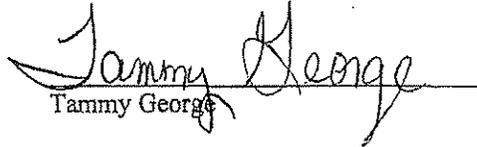
03.05.09
694280.00002

AFFIDAVIT OF PUBLIC NOTICE
BY POSTING

STATE OF WEST VIRGINIA

COUNTY OF Pendleton, to wit:

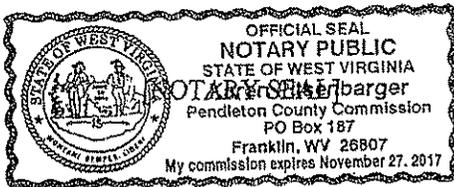
I, Tammy George, being first fully sworn upon my oath, do depose and say that a certified copy of The County Commission of Grant County's February 10, 2009 Order proposing reduction of Grant County Public Service District's service territory was posted in five (5) conspicuous places in Grant County that are located in the reduced service territory not less than ten (10) days prior to The County Commission of Grant County's March 10, 2009 public hearing on the reduction of Grant County Public Service District's service territory, as required by West Virginia Code § 16-13A-2.


Tammy George

Taken, subscribed and sworn to before me in said county this 17 day of March, 2009.

My commission expires November 27, 2017


Notary Public



694280.00003

CH5110093.1



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

Writer's Contact Information
(304) 353-8148 - Telephone
(304) 353-8180 - Facsimile
todd.swanson@step-toe-johnson.com

February 27, 2009

Via Hand Delivery

Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: CASE NO.: 09-_____ - PWD-PC
THE COUNTY COMMISSION OF
PENDLETON COUNTY and THE
COUNTY COMMISSION OF
GRANT COUNTY

Petition for consent and approval to enlarge
the service territory of Pendleton County
Public Service District and to reduce the
service territory of Grant County Public
Service District.

RECEIVED
09 FEB 27 PM 3:48
W.V. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Dear Ms. Squire:

Enclosed herein for filing on behalf of the County Commission of Grant County please find the original and twelve (12) copies of an affidavit of publication evidencing notice of the public hearing to be held on Tuesday, March 10, 2009 at 9 a.m. in the Grant County Courthouse at Petersburg, West Virginia, regarding the proposed reduction of Grant County PSD's service territory.

I ask that you please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8148.

Best Regards,

Todd M. Swanson
WVSB No. 10509

TMS

Enclosure

cc: Michael A. Wagoner, Chairman (w/o enclosure)
Terry Lively, Assistant Director (w/o enclosure)
Dominick P. Cerrone, P.E. (w/o enclosure)

694280.00003

CH5099923.1

Certificate of Publication

State of West Virginia
County of Grant, to-wit:

The undersigned hereby certifies
that the annexed notice was duly
published in the

Grant County Press

a weekly newspaper published at
Petersburg, Grant County, West
Virginia, for 1 consecutive
weeks ending on the 24 day of
February, 2009

GRANT COUNTY PRESS
By William E. French
Editor

Publishing Notice \$ 160.08

Hand Bills _____

Miscellaneous _____

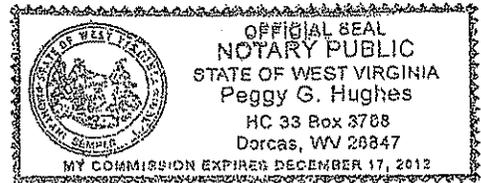
Total \$ 160.08

Sworn before me on this the 24
day of Feb, 2009.

Peggy Hughes
Notary Public

Dec 17, 2012
My Commission Expires

RECEIVED
09 FEB 27 PM 3:48
W. VA. DEPARTMENT OF REVENUE
SECRETARY'S OFFICE



THE COUNTY COMMISSION OF GRANT COUNTY
AN ORDER PROPOSING THE REDUCTION OF THE
WATER SERVICE AUTHORITY OF GRANT COUNTY PUBLIC
SERVICE DISTRICT AND FIXING A DATE OF HEARING
ON THE PROPOSED REDUCTION AND PROVIDING FOR
NOTICE OF PUBLIC HEARING

WHEREAS, pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code, The County Commission of Grant County is empowered to, upon its own motion by order duly adopted, propose the reduction of the service authority of public service districts;

WHEREAS, on the 10th day of February, 2009, The County Commission of Grant County considered the representation of Pendleton County Public Service District, which proposed a water extension project that would extend public water service to areas of Grant County, West Virginia that are presently within the service territory of Grant County Public Service District;

WHEREAS, the areas of Grant County, West Virginia to be served by the water extension project proposed by Pendleton County Public Service District are not being furnished public water service from any other source; and

WHEREAS, after careful consideration, and for the preservation of public health, comfort and convenience for the areas to be served by the proposed water extension project, The County Commission of Grant County does hereby propose reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not be furnished public water service from any other source and to be served by Pendleton County Public Service District, as described more fully herein.

BE IT ORDERED BY THE COUNTY COMMISSION OF
GRANT COUNTY

1. The County Commission of Grant County, West Virginia, upon its own motion, subject to approval of the Public Service Commission of West Virginia, proposes the reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia not being furnished public water service from any other source and to be served by Pendleton County Public Service District, particularly defined as the following territories:

BEGINNING at a point (N-675704.5212, E-2488072.6123) on the County Line of Grant and Pendleton County on the centerline of CR 1, (Pendleton) and CR 9 (Grant); thence with six new lines of division and with the County Line,

N 50-18-11 W, 502.26 feet to a point (N-676025.3268, E-2487686.1587) on the County Line; thence leaving the Grant/Pendleton County Line and with the interior of Grant County,

N 35-03-00 E, 1828.98 feet to a point (N-677522.6199, E-2488736.5230); thence,

S 45-14-55 E, 556.33 feet to a point (N-677130.9445, E-2489131.6122) on the centerline of County Route 9; thence,

S 45-14-55 E, 474.88 feet to a point (N-676796.6157, E-2489468.8550); thence,

S 35-03-00 W, 1737.82 feet to a point (N-675373.9434, E-2488470-8378) on the Grant County - Pendleton County Line; thence with the County Line,

N 50-18-11 W, 517.56 feet to the POINT OF BEGINNING, containing 41.6 Acres, more or less, as defined by sub-meter GPS observations by Geary Associates, Mark C. Geary, PS# 1523, Petersburg, West Virginia, January 9, 2009, as shown on the plat attached hereto as Exhibit A and made a part of this description.

2. On March 10, 2009 at the hour of 9:00 a.m., The County Commission of Grant County shall meet in the Grant County Courthouse at Petersburg, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of this Order, for the purpose of conducting a public hearing on the proposed reduction of the water service authority of Grant County Public Service District, being the areas of Grant County, West Virginia described above and not being furnished public water service from any other source and to be served by Pendleton County Public Service District, at which

time and place all persons residing in or owning or having interest in property in the territory of the proposed reduction area of Grant County Public Service District may appear before the County Commission of Grant County and shall be provided an opportunity to be heard for or against the proposed reduction.

3. At the hearing to be conducted as aforesaid, The County Commission of Grant County shall consider and determine the feasibility of the reduction of Grant County Public Service District's service territory and shall determine if the construction, maintenance, operation, improvement and extension of the public service property of Pendleton County Public Service District will be conducive to the preservation of public health, comfort and convenience to the proposed reduction area and whether the present or proposed physical facilities of Pendleton County Public Service District are adequate to provide water service to the proposed reduction area.

4. The Clerk of The County Commission of Grant County shall cause notice of the hearing and description of the territory of the proposed reduction of Grant County Public Service District's service territory to be published as a Class I legal advertisement at least ten (10) days prior to the hearing in a city, incorporated town or municipal corporation in Grant County which is located in the proposed reduction area. In addition, notice of the hearing and description of the territory of the proposed reduction of Grant County Public Service District's service territory shall be posted in at least five (5) conspicuous places in Grant County that are located in the proposed reduction area.

Entered this 10th day of February, 2009.

James C. Cole, President
James Wilson, Commissioner
Doug Swick, Commissioner

2/24

#1

ORDER

8/119
The Pendleton County Commission at its regular meeting on September 24, 1979, established a selection committee to review applications for loans and grants under the Department of Housing and Urban Development Housing Rehabilitation grant running from October 1, 1979 to September 30, 1980.

Members appointed were as follows: Harold Miller, A. M. Simmons, Larry Byers, Virginia Kessel, Mary Mae Linaberg and Jo Ann Smith.

Morris M. Homan
MORRIS M. HOMAN,
President

Date: September 24, 1979.

ORDER

The Pendleton County Commission at its regular meeting on September 24, 1979 approved the administrative budget for the HUD Housing Rehabilitation grant to run from October 1, 1979 to September 30, 1980.

Morris M. Homan
MORRIS M. HOMAN,
President

Date: September 24, 1979.

ORDER

The County Commission at its regular meeting on September 24, 1979, gave Thomas E. Painter, County Coordinator, permission to submit a grant preapplication to the Department of Housing and Urban Development for a housing rehabilitation grant to become effective October 1, 1980, if approved.

Morris M. Homan
MORRIS M. HOMAN,
President

Date: September 24, 1979.

ORDER

The Pendleton County Commission at its regular meeting on September 24, 1979, gave Thomas E. Painter, County Coordinator, permission to enter into an agreement with Cynthia Freme of Sugar Grove to rent half of the multi-purpose room at the Pendleton County Community Building for the purposes of having a Day Care Center. Cynthia Freme is to pay \$375.00 a month and agreement is to run from January 1, 1980 to June 30, 1980. Agreement is to depend on Cynthia Freme working out an agreement with the Committee on Aging in sharing the kitchen.

Morris M. Homan
MORRIS M. HOMAN,
President

Date: September 24, 1979.

IN THE COUNTY COMMISSION OF PENDLETON COUNTY, WEST VIRGINIA:

IN RE: CREATION OF A PUBLIC SERVICE DISTRICT FOR THE COUNTY OF PENDLETON, WEST VIRGINIA, TO BE KNOWN AS PENDLETON COUNTY PUBLIC SERVICE DISTRICT

- O R D E R -

This matter came on this 24 day of September, 1979, upon the motion of the County Commission of Pendleton County, West Virginia. Pursuant to this motion, the County Commission of Pendleton County, by this Order, proposes the creation of a public service district for the County of Pendleton, West Virginia, to be known as Pendleton County Public Service District,

13

the particulars of which are as follows:

1. The territory to be covered by said Public Service District shall be the entire County of Pendleton, West Virginia, excluding the corporate limits of the Town of Franklin, Pendleton County, West Virginia.

2. Included within the above territory is the Upper Tract Public Service District which was created on August 11, 1970, by Order of the County Court of Pendleton County, West Virginia, which Order is of record in the Clerk's Office of the County Commission of Pendleton County, West Virginia, in Record Book No. N, page 440. The territory and boundary of the Upper Tract Public Service District are as follows: BEGINNING at the County line of the Northwest side of U. S. Route 220 following the general boundary of U. S. Route 220 to the old Brushy Run Post Office and thence leaving U. S. Route 220 and following West Virginia Route 220/2 to the South Branch River; thence crossing the South Branch River and continuing along the southwest side of U. S. Route 220 to what is commonly known as Pendleton County Poor Farm; thence leaving the boundary of U. S. Route 220 and crossing the South Branch River on West Virginia Secondary Route 220/4; thence following the Southeast boundary, West Virginia Route 220/4 to West Virginia Route 11; thence following the Southeast boundary of West Virginia Route 11 to West Virginia Route 1, and continuing along the Southeast boundary of West Virginia Route 1 to the Grant-Pendleton County line.

The above described territory and public service district known as Upper Tract Public Service District shall be consolidated into and made a part of the proposed Pendleton County Public Service District.

It appearing to the County Commission of Pendleton County, West Virginia, that in accordance with the law of the State of West Virginia concerning the creation of public service districts, namely, Chapter 16, Article 13(a), Section 2 of the West Virginia Code, that it is necessary and proper that a public hearing should be held on the proposed cration of a public service district and that this hearing shall be held not more than forty days from the date of this Order nor less than twenty days from the date of this Order, it is further adjudged and ordered that a public hearing shall be held on the proposed creation of a public service district to be known as the Pendleton County Public Service District at the Court House in Franklin, Pendleton County, West Virginia, on the 15th day of October, 1979, at the hour of 10:00 AM, at which time all persons interested may appear and express their opinions.

It is ^{the} further order of this County Commission that the Clerk of the County Commission of Pendleton County, West Virginia, shall publish a notice of the aforesaid public hearing, and that said notice shall be in accordance with Chapter 16, Article 13, Section 2 of the West Virginia Code, as amended, and further that the Clerk shall have posted throughout the proposed public service district territory at least five other notices setting forth the time, place and date and purpose of the said public hearing.

It appearing that nothing more can be done in this matter at this time, this cause is continued until the date, place and time aforesaid of the said public hearing.

ENTER: Morris M. Homan
President of Pendleton County
Commission

ORDERED THAT COMMISSION DO NOW ADJOURN UNTIL MONDAY, OCTOBER 15, 1979.


PRESIDENT

P-144
The Commission this day approved improper assessments in names of William Evick, Dog Killed before July 1, 1978, Franklin District, \$2.00; Darrell Warner, On in Corporation & District, Franklin District, \$63.60; Dwight Kimble, Was on to Rita (wife) also, Mill Run District, \$13.20; Francis M. Wright, Had newer car-tax \$6.22 per half, Franklin District, \$1.50;

O R D E R

At a regular meeting of the Pendleton County Commission on December 12, 1979, the Commission appointed citizens to the Emergency Services' Advisory Council. The citizens appointed are as follows: Dennis Miller; Tom Mitchell; Charles Waggy; Hun Simmons and Robert Phares.

12/12/79

Morris M. Homan
President

O R D E R

The Pendleton County Commission at its regular meeting on December 12, 1979, voted to amend Charles J. Sites, Jr., Emergency Services Director, salary as follows: County will pay \$50.00 a month or \$600.00 a year in salary. The Office of Emergency Services in Charleston will pay \$600.00 a year in salary; \$99.00 in fringe benefits; \$50.00 in travel; and \$100.00 in other.

This salary will become effective upon receiving Federal funds.
12/12/79

Morris M. Homan
President

IN THE COUNTY COMMISSION OF PENDLETON COUNTY, WEST VIRGINIA:

IN RE: CREATION OF THE PUBLIC SERVICE DISTRICT FOR THE COUNTY OF PENDLETON, WEST VIRGINIA, TO BE KNOWN AS PENDLETON COUNTY PUBLIC SERVICE DISTRICT

- O R D E R -

On this the 12th day of December 1979, this matter came on for a hearing before the County Commission of Pendleton County, West Virginia. Pursuant to a previous Order of this County Commission notice of the creation of the Pendleton County Public Service District was given in accordance with Chapter 16, Article 13(a), Section 2 of the West Virginia Code, as amended, of the public hearing on the proposed creation of said district, and on the 29th day of October, 1979, at the hour of 10:00 a.m. at the Court House in Franklin, Pendleton County, West Virginia, the County Commission did hold said public hearing at which time all persons interested in the proposed creation of the Pendleton County Public Service District were present and expressed their opinions.

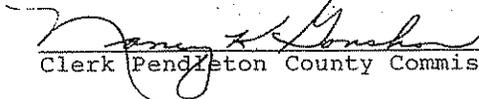
It appearing to the County Commission that the creation of the proposed Pendleton County Public Service District is needed, that there is no opposition to the same and that all persons feel that it is in the best interest of the County of Pendleton and the residents of the same that said Pendleton County Public Service District be created and that the Upper Tract Public Service District be consolidated into and made a part of the Pendleton County Public Service District, it is, therefore, adjudged and ordered that a public service district to be henceforth known as the Pendleton County Public Service District is hereby created. That the Upper Tract Public Service District shall henceforth be consolidated into the Pendleton County Public Service District and said Upper Tract Public Service District shall cease to function independently but will be a part of the Pendleton County Public Service District. That the territory and boundaires of the Pendleton County Service District shall be all of the County of Pendleton, excluding the municipality of Franklin, West Virginia.

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Gonshor, Clerk of the County Commission in and for the said county and state, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Record Book No. P, at page 144.

Given under my hand and seal of said Commission this the 6th day of February, 1996.


Clerk Pendleton County Commission

→ AT A COUNTY COMMISSION CONTINUED AND HELD FOR PENDLETON COUNTY, WEST VIRGINIA, AT THE COURTHOUSE THEREOF, ON TUESDAY JUNE 16, 2009, PURSUANT TO ADJOURNMENT ON JUNE 2, 2009.

PRESENT: JUDY A. HOTT, PRESIDENT, ROBERT G. ARMENTROUT AND CARL HEVENER, ASSOCIATE MEMBERS.

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF GENERAL COUNTY FUND:

Check Nos. 20757 - 20782 \$ 19,206.59

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF COAL SEVERANCE FUND:

Check Nos. 840 - 842 \$ 1,337.93

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF PENDLETON COUNTY COMMUNITY BUILDING FUND:

Check Nos. 764 \$ 247.98

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF THE PARKS AND RECREATION FUND:

Check Nos. 133 - 138 \$ 2,267.44

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF 9-1-1 FUND:

Check Nos. 1203 - 1209 \$ 18,942.48

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF HOME CONFINEMENT FUND:

Check Nos 84 - 85 \$ 2,375.28

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF MAGISTRATE COURT FUND:

Check Nos. 897 - 899 \$ 6,706.00

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE OUT OF CLINTON HEDRICK COMMUNITY FUND:

Check Nos. 764 - 765 \$ 175.26

Minutes of the June 2, 2009 meeting of the County Commission were reviewed and unanimously approved.

Karen Pitsenbarger reported that Kevin Sponaugle, Prosecuting Attorney, is reviewing the Spruce Knob Cable Franchise Agreement and he advised that a public meeting is needed before we approve the agreement. The commission gave permission to run a notice in the Pendleton Times to advertise a public meeting July 7, 2009 at 8:45 a.m. concerning the Spruce Knob Cable Franchise Agreement.

Kevin Sponaugle, Prosecuting Attorney, drafted a letter to Brandywine Cablevision concerning Franchise Agreement but there has been no response as yet.

Denise and Rick Neil were scheduled for this meeting but were unable to attend.

Liz Warner was scheduled to meet with the commission but was unable to attend.

Diana Mitchell, E 9-1-1 director, collected information from Grant County regarding the road name Petersburg Pike and possibly changing the name to Franklin Pike. Grant County did not see a problem. However, Diana spoke with the contractor and he felt that it would be bad practice and should not be changed. Carl Hevener made a motion to leave the name Petersburg Pike and not make any changes. Motion carried.

addition to minutes see page 242

The following applications for correction of assessment were reviewed and approved:

- Brian W. and Mary M. Bland, Bethel District, to increase \$129.00
- Twila Eye, Mill Run District, \$7.74 exonerated
- David Thompson, Bethel District, \$59.47 exonerated
- David Hevener, Mill Run District, \$20.32 exonerated
- David Hevener, Mill Run District, \$9.09 exonerated
- Johnny Flint Jr., Mill Run District, \$7.35 exonerated
- Jonathan Hedrick, Circleville District, \$4.64 exonerated
- John Thomas, Sugar Grove District, \$10.45 exonerated
- Allen Ray Warner, II, Circleville District, \$22.21 exonerated
- Stanley Applegate, Circleville District, \$3.09 exonerated
- Darell Warner, Franklin District, \$121.52 exonerated
- John Thomas, Sugar Grove District, \$10.43 exonerated

A member agreement with WV Counties Group Self Insurance Risk Pool was reviewed and signed by the president of the Commission.

A motion was made by Bob Armentrout, vote was unanimous, to reappoint Priscilla Mullenax to a term as a member of the Pendleton County Public Service District.

Matt Simpson was reappointed as County Fire Investigator by motion of Carl Hevener, vote was unanimous.

A petition for public water, from residents in the Dolly Town area of the North Fork, was reviewed and discussed. The commission feels that there is a great need for water in the Dolly Town area and that it might be more feasible to bring the water from Grant County, as Grant County already provides water close to this area. Bob Armentrout will check with the local PSD to see if they would be interested to move forward with this project.

Received Sheriff's monthly settlement as of May 31, 2009, recorded and filed in the County Clerk's Office.

Rec BK U
Pg 697

AT A REGULAR MEETING OF THE COUNTY COMMISSION HELD FOR
PENDLETON COUNTY, WEST VIRGINIA, AT THE COURTHOUSE
THEREOF, ON TUESDAY, JUNE 4, 2002.

PRESENT: JOE BODKIN, JR., PRESIDENT, S. THOMAS MITCHELL AND
KELLY S. HARTMAN, ASSOCIATE MEMBERS.

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF GENERAL COUNTY FUND:

Check Nos. 6504-6548 62,687.18

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF COAL SEVERANCE TAX FUND:

Check Nos. 263-272 889.52

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF PENDLETON COUNTY COMMUNITY BUILDING FUND:

Check Nos. 333-342 767.47

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF CLINTON HEDRICK COMMUNITY BUILDING FUND:

Check Nos. 367-372 296.49

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF MAGISTRATE COURT FUND:

Check Nos. 511-516 345.58

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF 911 FUND:

Check Nos. 131-137 14,234.00

A cooperative Agreement between the Pendleton County Commission and the West Virginia Department of Agriculture was signed permitting cooperative participation in the State's gypsy moth suppression program.

Assessor Carolyn Sponaule requested funding to purchase new computers for her office at a cost of approximately \$4,000. Her office will not be going online this year with the IAS system for tax year 2003 but probably will be next year. At that time, it will be necessary to purchase a new server. A motion was made by Tom Mitchell, seconded by Kelly Hartman, vote was unanimous and motion carried to approve \$4,000 from fiscal year 2002-2003 budget for computers for the Assessor's Office.

The Commission discussed several problems with the present Flood Plain Ordinance with Assessor Sponaule and Prosecuting Attorney Jerry Moore. Mr. Moore asked the Assessor to gather copies of the flood plain ordinances from the surrounding copies and he would review them.

A Litter Control Ordinance was also discussed by the Commission and Mr. Moore. More research will be done before making a decision on this.

Rodney Rummel spoke to the Commission concerning the installation of the T1 line in the offices of the county clerk, sheriff, county commission, and extension agent. He estimated the cost to be approximately \$5,000.00. A motion was made by Kelly Hartman, seconded by Tom Mitchell, vote was unanimous and motion carried to approve the installation to the various county offices.

Rodney also reported to the Commission that he had ordered and installed 13 new exit lights at the Pendleton County Community Building, installed batteries in some of the emergency lights, and repaired the fire alarm system to working order, all of which is payable from grant moneys. Approval was given to have the sound system upgraded at an approximate cost of \$3,508.00 by motion of Kelly Hartman, seconded by Tom Mitchell, vote was unanimous and motion carried.

A cost share agreement for operation and maintenance of the South Fork watershed structures with the Potomac Valley Soil Conservation District was approved and signed by the Commission. \$7,500 was approved by the Commission for the maintenance of the flood control dams from fiscal year 2002-2003 budget.

Martin Rawson met with the Commission to discuss the possibility of purchasing land to build a soccer field and ball parks. The Commission told Mr. Rawson that they have no funds to purchase the land but suggested he talk with clubs and organizations to try and secure funding and report back to the Commission with the results.

Minutes of the May 7, 2002 meeting of the Commission were read and unanimously approved. Minutes of the May 17, 2002 canvass of the Primary Election were read and approved.

French Moates was unanimously appointed a member of the Pendleton County Public Service Board to fill the vacancy left by Dale Bland.

Kimberly Crane reported that the estimated cost of a computer for the County Commission office was \$1,063.00 before shipping. The purchase of a computer was approved at a previous meeting.

A Support/Service Agreement with ACS Government Systems for the payroll and accounting programs used in the County Clerk's Office was approved at a cost of \$300.00 per year.

A letter was received from Ernest Gimmel, Cablevision Communications, informing the Commission that another TV channel was being added to the Upper Tract system at an additional cost of \$1.50 to the subscribers. The Commission replied that they continue to be unhappy with the service provided by Cablevision Communications.

A public meeting will be held on June 11, 2002 concerning an application to the Small Cities Block Grant for the Upper Tract Firehouse.

A motion was made by Tom Mitchell, seconded by Kelly Hartman, vote was unanimous and motion carried to appoint Betty Harper as a member of the Clinton Hedrick Community Building Operations Committee. One more vacancy exists on the Committee.

THE FOLLOWING SETTLEMENT OF ACCOUNTS WAS THIS DAY PRESENTED TO THE COMMISSION, APPROVED AND ORDERED RECORDED AND FILED.

D. Harvey Eye, personal Representative of the Estate of **Harvey Mahlon Eye**, deceased, Waiver of Final Settlement.

A Post Primary Campaign Financial Statement was approved and filed for Olin L. Hoover, Candidate for County Commission.

The following Cancelled Orders were approved: General County Fund Check No. 3667 in the amount of \$90.00 and Check No. 3967 in the amount of \$75.00.

An Official List of Delinquent Real Estate, Personal Property, Real Estate Impropers and Personal Property Impropers for the non-payment of taxes thereon for the year 2001 was approved and filed in the County Clerk's Office.

A Contract and Agreement between the Pendleton County Board of Health and the Pendleton County Commission was signed and a copy filed in the County Clerk's Office.

A letter will be written for NACO to present to the Secretary of the Interior and the Director of the White House Office of Intergovernmental Affairs to object to the President's proposed cut to the PILT program for FY 2003.

The following Applications for Correction of Assessment for the tax year 2001 were approved by the County Commission:

Evelyn Vandevander	Franklin Corporation	\$12.26
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Danny T. Warner	Circleville District	8.62
Russell Ray & Rhonda VanMeter	Franklin District	13.24
Jimmy & Karen Perry	Sugar Grove District	9.26
Bradley Alt	Franklin Corporation	19.40
Monique & Hyman Alston	Franklin District	173.82
Barbara Parker	Franklin District	4.20
Thomas E. Gunning, II	Bethel District	22.08
Thomas E. & Kathy Gunning	Bethel District	59.70
William Copley, Top \$ Logging	Franklin District	1,479.68
William Copley, Top \$ Logging	Bethel District	1,227.16
Traci Raines	Union District	97.94
Jimmie Martin Bogan	Union District	8.62
Jimmie Martin Bogan	Union District	7.58
Danny & Bonnie Walls	Bethel District	26.06
Kennie Bennett, Jr.	Circleville District	68.94
Timothy & Cheryl Johnson	Bethel District	34.46
Giffin & Brenda Lambert	Franklin District	44.98
Giffin & Brenda Lambert	Franklin District	44.98
Zach Redman	Franklin District	87.88
Zachary Redman	Franklin District	99.86
Mary Sandridge	Bethel District	13.45
Barbara & Ray Frank	Mill Run District	231.20
Gladys Vandevander	Franklin District	51.30
Carroll Warner	Union District	37.84
Gladys Vandevander	Franklin District	52.12
Albert Wayne Huffman	Franklin District	5.70
Connie Bowers	Franklin Corporation	5.70
Lanny Marshall	Franklin District	17.66
William Owens	Franklin District	43.08
John Birdsong Estate	Sugar Grove District	1.40
John Birdsong Estate	Sugar Grove District	1.68
Williams Owens	Franklin District	49.60
Delmar Hose & Michelle Vanscoy	Sugar Grove District	74.40
Michael & Wanda Lambert	Circleville District	11.56
Timothy A. Martin	Union District	35.94
Douglas & Debbie Reedy	Bethel District	6.74
Christopher Weaver	Franklin District	30.28
Don and Arbelia Calhoun	Mill Run District	75.66
Reed Ruddle	Mill Run District	269.88
Rodney Dahmer	Mill Run District	102.58
Jesse & Jeanie Eckard	Sugar Grove District	118.96
Richard & Lori Raines	Bethel District	163.10
Thomas Jessen	Franklin Corporation	24.82
Norma & Wayne Colaw	Circleville District	52.54
Cabot Oil & Gas Corp.	Circleville District	77.92
Paul Jr. & Sherry Auville	Union District	10.50
Richard C. Soper	Bethel District	50.44
Linda Kimble	Franklin District	129.04
Chris Reed	Bethel District	143.16
Grace Hampton	Mill Run District	33.64
Grace Hampton	Mill Run District	52.56
Richard W. & Jean Ann Homan	Franklin Corp.	913.34
North American Chemical	Franklin District	47.42
Mary A. Burton	Franklin District	256.42
Smiley & Starlene Warner	Circleville District	36.16
Vernon P. & Nina M. Simmons	Franklin District	20.32
Harlan & Jeffrey Mitchell	Franklin District	482.15
Michael E. & Melissa Skiles	Franklin District	218.18
Matthew & Erin S. Sites	Mill Run District	507.38
Keith Wagoner	Mill Run District	15.14
Keith Wagoner	Mill Run District	218.18
Cynthia Wood	Circleville District	12.20

Gary & Barbara Solarchick	Circleville District	48.34
Vada Wilfong	Sugar Grove District	4.20
Clifford & Gene Cross	Franklin District	29.42
Hansel Thompson	Union District	36.78
Randy & Donna Warner	Franklin District	105.50
John & Teresa Salmon	Franklin District	256.42
Patrick Cuyler	Franklin District	5.04
Donnie & Sherri Bennett	Circleville District	31.94
Billy & Lucy Bodkin	Bethel District	140.12
Emanuel Bennett	Bethel District	135.36
Lester Puffenbarger	Sugar Grove District	649.88
Orlando Wimer, Jr.	Bethel District	34.06
Dale W. & Shirley J. Nieman	Franklin Corp.	121.78
Jody & Christy E. Kisamore	Union District	77.76
Gary E. Sponaule	Circleville District	54.66
Audra C. Dunn, Trustee	Franklin District	417.40
David Mallow	Franklin District	106.56
Franklin R. & Peggy A. Bennett	Circleville District	176.30
Barry & Deborah Glover	Franklin Corp.	177.66
Mary Alice & Wayne McCray	Sugar Grove District	10.94
Ernest & Audrey Frank	Circleville District	78.40
Terry Roberson	Franklin Corp.	15.68
Lisa Roberson	Franklin Corp.	146.30

Monthly Financial Statement
Pendleton County
Month Ending

April 30, 2002

	Beginning Balance	Taxes Collected	Other Receipts	Less Orders Issued	Net Balance
State Funds					
316 General	2943.50	789.88		2943.50	789.88
365 F&D Land	-0-				-0-
314 State Fines	696.00		100.00	696.00	100.00
5 Magistrates	12065.84		1107.29	145.38	13027.75
312 Criminal Charge	2604.00		402.00	2604.00	402.00
313 Court Reporter	100.00		50.00	100.00	50.00
4 Justice Fines	81694.76		6874.00		88568.76
6 Worthless Check	10370.04		220.00		10590.04
311 DMV License Sales	6462.00		13907.00	13488.00	6881.00
County Funds					
1 General	804806.72	44404.60	185797.62	129219.31	905789.63
7 Pendleton County 911	231136.75		12098.74	13032.19	230203.30
3 Dog Tax	3085.37			296.45	2788.92
366 Health Dept.	164361.55		36286.81	25942.48	174705.88
243 Jail Improvement					
2 Coal Severance	11886.30		70.73	1048.32	10908.71
24 Housing Revolving	46773.02		250.76		47023.78
26 PCCB	984.27		1261.00	1333.50	911.77
56 Co. Assessor's Val.	27633.41		2042.47	10620.34	19055.54
25 CHCB	5574.20		611.64	553.05	5632.79
323 Reserve for Special Emergency	50649.22		74.47		50723.69
59 Concealed Weap. Application	1813.54		1080.00		2893.54
315 Concealed Weap. WV State Pol	-0-		225.00	225.00	-0-
378 Franklin Current	4208.23	3652.96		4208.23	3652.96
373 School Current	54820.14	63544.37	6064.95	60885.09	63544.37
364 Tax Land Lien	9785.70		-0-		9785.70
Undistributed Taxes	5.59	.75			6.34
Totals	1534460.15	112392.56	268524.48	267340.84	1648036.35
Balance in County Depositories at end of Month		1706724.86			
Less Orders Outstanding		60838.28			
Net Bank Balance		1645886.58			
Cash in Office at end of Month		200.00	+ 1938.14	Juror & Witness Fees	
Total in County Depositories and Office		1648024.72			
I, Andrew M. Hinkle Sheriff of Pendleton County, West Virginia, do hereby certify that the foregoing is a true and correct statement of the finances of Pendleton County, West Virginia, for the month ending <u>April 30</u> , 20 <u>02</u> showing the balance on hand at the beginning of the month; the amount received; the amount disbursed and the amount remaining in the Treasury and County Depositories.					
Given under my hand this <u>15th</u> day of <u>May</u> , 20 <u>02</u>					
<i>Andrew M. Hinkle</i> Sheriff of Pendleton County					

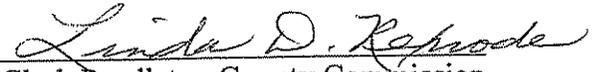
ORDERED THAT COMMISSION DO ADJOURN UNTIL TUESDAY, JUNE 18, 2002.

J. A. Beckwith, Jr.
PRESIDENT

State of West Virginia,
County of Pendleton, to-wit:

I, Linda D. Rexrode, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Record Book No. U, Page 697.

Given under by hand and seal of said Commission this the 25th day of March, 2009.


Clerk Pendleton County Commission

By  Deputy

*and
vote ✓
pg. 101*

AT A REGULAR MEETING OF THE COUNTY COMMISSION OF
PENDLETON COUNTY, WEST VIRGINIA, AND BOARD OF REVIEW AND
EQUALIZATION HELD AT THE COURTHOUSE THEREOF, ON TUESDAY,
FEBRUARY 4, 2003

PRESENT: JOE BODKIN, JR., PRESIDENT, KELLY S. HARTMAN AND
ROBERT L. GRIMM, ASSOCIATE MEMBERS.

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF GENERAL COUNTY FUND:

Check Nos. 7952-7983 \$117,419.50

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF COAL SEVERANCE TAX FUND:

Check Nos. 310-311 747.54

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF MAGISTRATE COURT FUND:

Check Nos. 562-563 307.18

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF CLINTON HEDRICK COMMUNITY BUILDING FUND:

Check Nos. 439-441 319.63

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF PENDLETON COUNTY COMMUNITY BUILDING FUND:

Check Nos. 406-409 993.61

ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF 911 FUND:

Check Nos. 238-242 -1,210.94

A motion was made by Kelly Hartman, seconded by Bob Grimm, vote was unanimous and motion carried, to appoint Michael Wagoner as a member of the Pendleton County Public Service District to fill the vacancy left by the resignation of Maurice Kimble.

Ron Kirk met with the Commission to discuss organizations to contact to form a steering committee for parks and recreation within Pendleton County. A list of organizations presented by Mr. Kirk was approved by the Commission with the addition

of Monongahela National Forest. A cover letter from the Commission will accompany a letter from Mr. Kirk to these organizations for representatives who are interested in being on this steering committee.

David Seymour, Pendleton County Extension Agent, discussed the cost-share for county agents. Effective July 1, 2003, the cost share for county agents will increase. Mr. Seymour asked the Commission to take this into consideration when preparing their FY 2003-2004 budget.

The Commission talked about the coyote problem with Mr. Seymour. He advised that trappers are working in Pendleton County to try and eliminate part of the coyote population.

Bob Tuckerman, President of Pendleton County Library, expressed appreciation for the support of the library by the Commission and requested funding be continued for FY 2003-2004.

Mr. and Mrs. Ray Warner were present to inquire about the increased values of property owned by them known as Oakwood Estates. Assessor Sponaule advised that adjustment to the land table caused some property values to increase.

Raymond Harr, County Sanitarian, informed the Commission that a Threat Preparedness Plan completed by the Pendleton County Health Department, has been sent to the State for approval. Mr. Harr thanked the Commission for the support given the Health Department over the years and asked for continued support for FY 2003-2004. He also reported that the Health Department is in need of a couple monitors that would cost approximately \$500.00 each.

There have been some complaints concerning the demolition of the Pendleton County Jail. The Commission discussed doing an informational story in The Pendleton Times about the Jail.

Diana Mitchell, director of 911, asked approval to hire two part-time dispatchers for 911. She reported that six applications were received and Joe Benkert and Carl Williams were chosen from the applications. A motion was made by Kelly Hartman, seconded by Bob Grimm, vote was unanimous and motion carried, to hire Joe Benkert and Carl Williams as part-time dispatchers for the 911 center.

Lynn Lewis reported that real property owned by her in Pendleton County has been incorrectly classified for several years, she having become a permanent resident of this county in 1999. Motion was made by Kelly Hartman, seconded by Bob Grimm, vote was unanimous and motion carried to exonerate a portion of Ms. Lewis' taxes for two years and add on vehicle taxes not paid for 2000.

The resignation of Grey Cassell as a member of the Pendleton County Economic and Community Development Authority was accepted with much regret. Mr. Cassell has been a very active member of the Authority since his appointment and will be missed.

A motion was made by Kelly Hartman, seconded by Bob Grimm, vote was unanimous and motion carried to reappoint Steve Conrad and Merle Warner to another term on the Pendleton County Economic and Community Development Authority.

Bill Copely met with the Commission to discuss his personal property taxes. Mr. Copely felt the values placed on his logging equipment were excessive compared to other logging companies. Mr. Copely is delinquent in paying his personal property taxes since 1999. An agreement was reached between the Commission, Assessor, and Mr. Copely whereby he would pay \$3779.78 to bring him up to date on payment of his personal property taxes and Mr. Copely will work with the Assessor on reporting his equipment and values for same.

Dee Kimble gave an update on the construction progress of the new building in the Industrial Park.

Approval was given Joyce Moates to install a snack vending machine in the Courthouse.

Sheriff Hinkle requested approval to have a fund for the disposition of forfeited moneys set up under his law-enforcement account. Approval was unanimous.

An Ordinance concerning road naming in Pendleton County was presented for first reading. It will be presented for second reading on February 18, 2003.

A motion was made by Bob Grimm, seconded by Kelly Hartman, vote was unanimous and motion carried to appoint Curtis Crigler as Assistant Emergency Services Director for Pendleton County. Heretofore, this position has been vacant.

**THE FOLLOWING SETTLEMENTS OF ACCOUNT WERE THIS DAY
PRESENTED TO THE COMMISSION, APPROVED AND ORDERED
RECORDED AND FILED.**

Gloria D. Cudnick, Administratrix of the Estate of **Blake Morral**, deceased; Final Settlement of Accounts

Anna M. Mallow, Administratrix of the Estate of **Mary M. Harper**, deceased; Final Settlement of Accounts

Dottie Roy, Executrix of the Estate of **Ivan E. Harman**, deceased; Final Settlement of Accounts

Dottie Roy, Administratrix of the Estate of **Nellie Ruth Harman**, deceased; Final Settlement of Accounts

Roy G. Mallow, Executor of the Estate of **Harman Harrison Mallow**, deceased; Final Settlement of Accounts

Diana K. Thompson, Executrix of the Estate of **Minnie Mabel Crites**, deceased; Final Settlement of Accounts

Phobie A. Cowger, Fiduciary of the Estate of **Delbert J. Cowger**, deceased; Waiver of Final Settlement

Donald L. Nelson and Diana Hiner, Co-Executors of the Estate of **Emma Lee Barkley**, deceased; Waiver of Final Settlement

Robert Sempeles, Personal Representative of the Estate of **Strawdie Virginia Kimble**, deceased; Final Settlement of Accounts

Shirley S. Kutz, Executrix of the Estate of **Dorothy M. Sites**, deceased; Final Settlement of Accounts

**ORDERED THAT BOARD OF REVIEW AND EQUALIZATION DO
ADJOURN UNTIL FRIDAY, FEBRUARY 7, 2003, AND COMMISSION UNTIL
TUESDAY, FEBRUARY 18, 2003.**


PRESIDENT

State of West Virginia,

In Pendleton County Commission Clerk's Office, February 8, 2003.

The Last Will and Testament of Mary A. Harper, deceased, was this day presented in said office, and was properly proven by the oath of Lorena B. Hoover, one of the subscribing witnesses thereto, and there being no objections to the probate thereof, the same was admitted to record.

In the Last Will and Testament of Mary A. Harper, deceased, Leon L. Harper was appointed as Executor of the Estate of Mary A. Harper, deceased; Leon L. Harper being deceased; On motion of Carole H. Judy, heir-at-law of Mary A. Harper, deceased, she the said Carole H. Judy is hereby appointed Administratrix c.t.a. of the Estate of Mary A. Harper, deceased; Whereupon she qualified as such by taking the several oaths prescribed by law, and entered into an acknowledged bond in the penalty of Twenty-five Thousand Dollars (\$25,000.00), duly conditioned according to law, which bond is approved.

Teste:


Clerk.

State of West Virginia,
County of Pendleton, to-wit:

I, Linda D. Rexrode, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Record Book No. V, Page 101.

Given under by hand and seal of said Commission this the 25th day of March, 2009.

Linda D. Rexrode
Clerk Pendleton County Commission

By Louetta Blankenship Deputy

412

2200 Book V
p. 412

**AT A REGULAR MEETING OF THE COUNTY COMMISSION OF
PENDLETON COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE
THEREOF, ON TUESDAY, JANUARY 4, 2005.**

The Commission proceeded to elect a President for said Commission to serve for a period of one year beginning January 1, 2005, and Robert L. Grimm having been chose by unanimous vote, it is ordered that the said Robert L. Grimm be, and he is hereby elected President of the Pendleton County Commission for the term of one year beginning January 1, 2005.

**ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF GENERAL COUNTY FUND:**

Check Nos. 11837-11861 8,107.01

**ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF PENDLETON COUNTY COMMUNITY BUILDING FUND:**

Check Nos. 535-538 967.03

**ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF CLINTON HEDRICK COMMUNITY BUILDING FUND:**

Check Nos. 578-581 306.01

**ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF COAL SEVERANCE TAX FUND:**

Check Nos. 395 538.50

**ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF E-9-1-1 FUND:**

Check Nos. 523-528 4,375.25

**ORDERED THAT THE FOLLOWING ALLOWANCES BE MADE PAYABLE
OUT OF MAGISTRATE COURT FUND:**

Check Nos. 671-672 119.00

Curtis Crigler, Emergency Services Director, provided a list of goals and objectives for 2005 for the Commission's review.

Mr. Crigler reported that he is working on a fire wise project with the West Virginia Division of Forestry for homeowners on Town Mountain.

A briefing was given on the meeting at Flatwoods concerning Homeland Security funding. The Pendleton County Emergency Operations Plans manual needs some amending which Curtis will be working on.

Mr. Crigler requested that the Commission keep the Jeep vehicle for Emergency Services when it is no longer being used by the Sheriff's Department.

Moneys were allocated for flood victims in the Brushy Run area by motion of Kelly Hartman, seconded by Bob Armentrout, vote was unanimous and motion carried.

Curtis Crigler and Bob Grimm plan to attend the Mayor's Retreat to be held at Frost on January 28 and 29.

Curtis reported on the cost of building cell phone towers and was concerned that there might be no commitment from cellular companies once the towers are built.

A fund raiser for victims of the tsunami was discussed.

A complaint was heard concerning the unclean conditions of the Clinton Hedrick Community Building. There were concerns about exit lights not working and a fire extinguisher being inaccessible. The Commission will look into these problems.

The Commission discussed a water bill for the Courthouse with Tim Long, Mayor. Mr. Long felt the high bill could be the result of one of several problems and suggested the Commission check and clean all the flush valves in the Courthouse bathrooms.

Bob Armentrout suggested that the Commission agendas be posted at Great Valu and also on WELD radio.

Minutes of the December 21, 2004 meeting of the Commission were read and unanimously approved.

President Grimm signed a grant application for Woodline.

Assessor Carolyn Sponaule spoke to the Commission about the correct tax classification for cabins and second homes and is awaiting an advisory ruling from the State Tax Commissioner on this. A building permit for certain property was discussed and a comment was made by a member of the public that the county should have a building inspector.

A motion was made by Kelly Hartman, seconded by Bob Armentrout, vote was unanimous and motion carried, to go into executive session to discuss a personnel problem. A motion was made by Kelly Hartman, seconded by Bob Armentrout, vote was unanimous and motion carried, to go out of executive session.

Membership to the 9-1-1 Advisory Board was discussed. A member is needed from the general public.

A motion was made by Kelly Hartman, seconded by Bob Armentrout, vote was unanimous and motion carried to reappoint Quentin Propst to the Pendleton County Board of Health for another term.

A motion was made by Kelly Hartman to appoint Bob Armentrout as a member of the Pendleton County Economic and Community Development Authority.

A member is needed to replace Bob Tuckerman to the Pendleton County Civil Service Commission.

A motion was made by Kelly Hartman, seconded by Bob Armentrout, vote was unanimous and motion carried, to appoint Priscilla Mullenax to the Pendleton County Public Service District to fill the vacancy created by the resignation of J. D. Wilkins.

The proposed Assessor's Valuation Fund Budget for fiscal year 2005-2006 was reviewed and approved.

Bonds for the following officials were approved and ordered recorded and filed: Robert G. Armentrout, County Commissioner; Nancy K. Gonshor, Clerk of the County Commission; Shalee D. Wilburn, Clerk of the Circuit Court; Andrew M. Hinkle, Sheriff; Carolyn Bible Sponaugle, Assessor; and Thomas W. Firor, Surveyor.

Oaths of Office were approved and ordered recorded and filed for the following: Robert G. Armentrout, County Commissioner; Nancy K. Gonshor, Clerk of the County Commission; Linda D. Rexrode, Loretta Blankenship, and Elise M. White, Deputy Clerks of the County Commission; Jerry D. Moore, Prosecuting Attorney; Leland Propst and Gene H. Boggs, Magistrates; Mary A. Simpson and Sandra L. Bennett, Magistrate Assistants; Judy L. Grimm, Magistrate Clerk; Carolyn Bible Sponaugle, Assessor; Ashley D. Ruddle, Sandie C. Smith and Kimberly A. Grace, Deputy Assessors; Shalee D. Wilburn, Clerk of the Circuit Court; Heather S. Puffenberger and Anna R. Wagoner, Deputy Clerks of the Circuit Court; Andrew M. Hinkle, Sheriff; Jennifer L. Dunkle and Julie C. Warner, Office Deputy Sheriffs; Chad L. Bowers, Marvin E. Smith, Ruskin Murphy, and Kevin Puffenberger, Deputy Sheriffs; and Thomas W. Firor, County Surveyor.

THE FOLLOWING APPOINTMENT OF ADMINISTRATORS, EXECUTORS, ETC., DONE BY THE CLERK IN VACATION OF THE COMMISSION, WERE THIS DAY PRESENTED TO THE COMMISSION, APPROVED AND CONFIRMED.

The appointment of Richard D. Williams as Ancillary Executor of the Estate of Fred L. Williams, deceased; Bond \$500.00

The probation of the Last Will and Testament of Claris M. Garner, deceased; Witnesses by affidavits, Betty R. Eye and Patricia G. Garner and Dale W. Bland; The appointment of Betty R. Eye as Executrix of the Estate of Claris M. Garner, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The probation of the Last Will and Testament of Andrew H. White, deceased; Witnesses by affidavits, Gilbert L. Ramey and Barbara J. Payne; The appointment of Betty M. Dickson as Executrix of the Estate of Andrew H. White, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The probation of the Last Will and Testament of Ruth Simmons, deceased; Witnesses by affidavits, Carole H. Hartman and Marcia C. Warner; The appointment of Bennie Evick and Mary Alice Evick as Co-Executors of the Estate of Ruth Simmons, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The probation of the Last Will and Testament of Wilmer C. Varner; Witnesses by affidavit, George I. Sponaugle, II and Lorena B. Hoover; The appointment of Evelyn D. Varner as Executrix of the Estate of Wilmer C. Varner, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The appointment of Willard S. Rader as Administrator of the Estate of Naomi Ruth Rader, deceased; Bond \$500.00.

The appointment of Charles A. Burns as Administrator of the Estate of Steven L. Burns, deceased; Bond \$5,000.00 with Donna Thompson as Surety.

The appointment of Eva Lambert as Administratrix of the Estate of Rachael Lynn Burns, deceased; Bond \$1,500.00 with John Lambert as her Surety.

The appointment of Reginald Reed as Ancillary Administrator of the Estate of Joseph C. Reed, deceased; Bond \$500.00.

The probation of the Last Will and Testament of Myrtle E. Lantz, deceased; Witnesses by affidavit, Anne Callie Skillman? And Emily Davis; The appointment of Wanda M. Painter as Executor of the Estate of Myrtle E. Lantz, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The probation of the Last Will and Testament of Betty Harper, deceased; Witnesses by affidavit, Ruth M. Shrader and Sara C. Harper; The appointment of Judy Ann Waggy as Executrix of the Estate of Betty Harper, Deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The probation of the Last Will and Testament of Verona D. Pitsenbarger, deceased; Handwriting and signature proven by, Carolyn Sponaugle and Vicky Simmons; The appointment of Arvella P. Blair as Administratrix c.t.a. of the Estate of Verona D. Pitsenbarger, deceased. Bond \$500.00 without Surety.

The probation of the Last Will and Testament of Harlan Richard Moyers, deceased; Witnesses by affidavit, Ruth M. Shrader and Lorena B. Hoover; The appointment of Jeanne M. Flinn and Kathy M. Sponaugle as Co-Executors of the Estate of Harlan

Richard Moyers, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The appointment of Carl William Foltz as Administrator of the Estate of Martha C. Foltz, deceased; Bond \$500.00.

The appointment of Phyllis J. Bowman as Ancillary Executrix of the Estate of James D. Bowman, deceased; Bond \$500.00.

The appointment of George I. Sponaugle, II as Fiduciary Commissioner of the Estate of A. Ruth Simmons, deceased.

The appointment of JoAnn Teter as Administratrix of the Estate of Connie M. Roach, deceased; Bond \$500.00.

The appointment of Loretta J. Helman as Administratrix of the Estate of Dwaine Layman Helman, deceased; Bond \$28,000.00 with Patricia A. Kimble as Surety.

The appointment of Casey Simmons as Administrator of the Estate of Bonnie Demere, deceased; bond \$500.00 with Roy R. Simmons as Surety.

The probation of the Last Will and Testament of Effie Gordon, deceased; Will and Codicils proven to be her handwriting and signature by Carole H. Hartman; The appointment of Donald J. Gordon as Executor of the Estate of Effie Gordon, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

The probation of the Last Will and Testament of Margaret Eye, deceased; Witnesses by affidavits, Joanie M. Clarke and Rachel W. Ruddle.

The probation of the Last Will and Testament of Blanche Harold, deceased; Signature proven by the oath of Dawn Renee Hedrick and Deborah Ann Propst; The appointment of James R. Helmick as Executor of the Estate of Blanche Harold, deceased; Permitted to qualify without bond as provided in the Last Will and Testament of the deceased.

Nancy K. Gonshor, Clerk.

ORDERED THAT COMMISSION DO ADJOURN UNTIL JANUARY 18, 2005.



PRESIDENT

State of West Virginia,
County of Pendleton, to-wit:

I, Linda D. Rexrode, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Record Book No. V, Page 412.

Given under by hand and seal of said Commission this the 25th day of March, 2009.

Linda D. Rexrode
Clerk Pendleton County Commission

By Loretta Blankenship Deputy

OATH OF OFFICE FOR PENDLETON COUNTY
PUBLIC SERVICE DISTRICT MEMBERS

I, Michael A Wagoner, do solemnly swear
that I will support the constitution of the United States, the
laws of the United States, the Constitution of the State of West
Virginia, and the laws of the State of West Virginia, and that
I will faithfully discharge the duties of my office as a member
of the Public Service District Board of the Pendleton County
Public Service District for the term of 10/1/08
to 10/1/14, to the best of my skill, judgment and
ability. So help me God.

Michael A Wagoner

Subscribed to and sworn before me, a County Clerk,
in and for the County of Pendleton, this 2 day of April,
2009

Linda D. Reynolds

OATH OF OFFICE FOR PENDLETON COUNTY
PUBLIC SERVICE DISTRICT MEMBERS

I, Priscilla Mullen, do solemnly swear that I will support the constitution of the United States, the laws of the United States, the Constitution of the State of West Virginia, and the laws of the State of West Virginia, and that I will faithfully discharge the duties of my office as a member of the Public Service District Board of the Pendleton County Public Service District for the term of 6/24/09 to 6/24/15, to the best of my skill, judgment and ability. So help me God.

Priscilla Mullen

Subscribed to and sworn before me, a County Clerk,
in and for the County of Pendleton, this 22 day of July,
2009.

Linda D. Redford

OATH OF OFFICE FOR PENDLETON COUNTY
PUBLIC SERVICE DISTRICT MEMBERS

I, French A. Mozts, do solemnly swear
that I will support the constitution of the United States, the
laws of the United States, the Constitution of the State of West
Virginia, and the laws of the State of West Virginia, and that
I will faithfully discharge the duties of my office as a member
of the Public Service District Board of the Pendleton County
Public Service District for the term of 12/1/03
to 12/1/09, to the best of my skill, judgment and
ability. So help me God.

French A. Mozts

Subscribed to and sworn before me, a County Clerk,
in and for the County of Pendleton, this 31 day of March,
192009.

Linda D. Reynolds

RULES OF PROCEDURE

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: PENDLETON COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of Pendleton County Public Service District (the "District") will be located at Franklin, Pendleton County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Pendleton County 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 Pendleton 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 _____ of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairman or by a quorum of the Board.

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

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

PUBLIC NOTICE OF MEETINGS

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

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

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

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

ARTICLE V
OFFICERS

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

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

ARTICLE VI
DUTIES OF OFFICERS

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

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

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

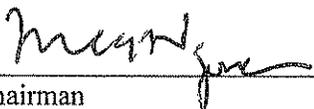
Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII
AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 10th day of April, 2009.



Chairman

Certificate of Publication

State of West Virginia
County of Grant, to-wit:

The undersigned hereby certifies
that the annexed notice was duly
published in the

Grant County Press

a weekly newspaper published at
Petersburg, Grant County, West
Virginia, for 1 consecutive
weeks ending on the 17 day of
February, 2009.

GRANT COUNTY PRESS

William E. Ford
Editor

Editor

Publishing Notice \$ 240.12

Hand Bills _____

Miscellaneous _____

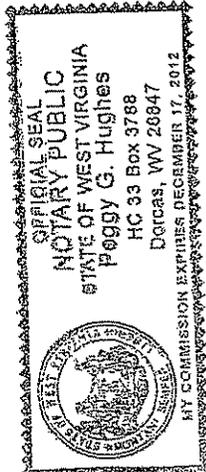
Total \$ 240.12

Sworn before me on this the 17

day of Feb., 2009.

Peggy G. Hughes
Notary Public

Dec 17 2012
My Commission Expires



PUBLIC SERVICE COMMISSION

OF WEST VIRGINIA

CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 11th day of February 2009.

CASE NO. 09-0115-PWD-PC-CN

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Post Office Box 861

Franklin, WV 26807

Application for a certificate of convenient and necessity to construct certain additions and improvements to its existing waterworks distribution system. Or consent and approval of a water purchase agreement and for approval of financing in Pendleton and Grant counties.

NOTICE OF FILING

On February 11, 2009, Pendleton County Public Service District ("District") filed an application, duly verified for a Certificate to construct certain additions, improvements and extensions to its existing waterworks distribution system in Pendleton County and Grant County, West Virginia. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street in Charleston, West Virginia.

The District estimates that construction is not expected to exceed \$3,143,000.00. It is proposed that construction be financed by a United States Department of Agriculture loan in the amount of \$253,000.00, a \$700,000.00 grant from the United States Department of Agriculture, a \$1,500,000.00 Small Cities Block Grant, and a \$690,000.00 grant from the West Virginia Infrastructure and Jobs Development Council.

The District proposes to construct certain additions and improvements to the waterworks facilities to serve eighty-seven new customers in Pendleton County and Grant County, including construction of approximately fifteen miles of two inch and six inch waterlines a seventy-four thousand gallon storage tank and a fifty gpm booster station and necessary appurtenances relating thereto ("the Project").

The District is not seeking an increase in its existing water rates. Therefore, the District anticipates charging its water customers the following rates and charges established in Public Service Commission Case No. 08-1751-PWD-30B, with said rates being effective for service rendered on or after January 8, 2009:

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale water services RATES (customers with metered water supply)

\$12.16 per 1,000 gallons

MINIMUM CHARGES

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

5/8 inch meter	\$23.80 per month
3/4 inch meter	\$35.70 per month
1 inch meter	\$59.50 per month
1 1/2 inch meter	\$128.50 per month
2 inch meter	\$190.40 per month
3 inch meter	\$357.00 per month
4 inch meter	\$595.00 per month
6 inch meter	\$1,190.00 per month
8 inch meter	\$1,904.00 per month

The above minimum charge is subject to an additional \$0.26 per thousand gallons used per month.

DELAYED PAYMENT PENALTY

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

RETURN CHECK FOR INSUFFICIENT FUNDS

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

RECONNECTION FEE

\$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 utility installs a new tap to serve an applicant.

A tap fee of \$350.00 will be charged to all customers who apply for services outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT INCREMENT

\$1.60 per thousand gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

WATER SCHEDULE NO. 2

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for private fire protection service.

RATES

Where connections, hydrants, sprinklers, etc., on property are maintained by consumer:

- 2 - inch water line wh hydrants, sprinkler, and/or hose connections \$6.00 per month
- 3 - inch water line wh hydrants, sprinkler, and/or hose connections \$6.30 per month
- 4 - inch water line wh hydrants, sprinkler and/or hose connections \$8.40 per month
- 6 - inch water line wh hydrants, sprinkler and/or hose connections \$27.60 per month
- 8 - inch water line wh hydrants, sprinkler and/or hose connections \$37.00 per month
- 10 - inch water line wh hydrants, sprinkler, and/or hose connections \$42.00 per month
- 12 - inch water line wh hydrants, sprinkler and/or hose connections \$59.60 per month

The District has no resale customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to W.Va. Code §24-2-11, IT IS ORDERED that the Pendleton County 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 Pendleton County and Grant County, 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 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 intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions 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 day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squire,

Executive Secretary

Certificate of Publication

I, John McCoy, Publisher of

THE PENDLETON TIMES

do hereby certify that the attached

Legal Advertisement

was published in the aforesaid Pendleton Times, a weekly newspaper published at Franklin, Pendleton County, West Virginia for one successive weeks, beginning with the issue of Feb. 19,

2009

[Signature]

John McCoy, Publisher

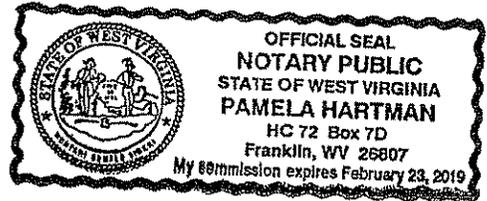
Cost of Publication \$ 223⁰⁸
Other \$ _____
Total Amount Due \$ 223⁰⁸

NOTARY'S CERTIFICATE

Sworn to and subscribed before me this 19th day of February, 2009

Pamela Hartman
Notary Public.

My commission expires February 23, 2019



NOTE: Do not misplace this certificate; it will be needed in settling the estate.

**PUBLIC SERVICE
COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 11th day of February 2009.

CASE NO.
09-0115-PWD-PC-CN

PENDLETON COUNTY
PUBLIC SERVICE
DISTRICT
Post Office Box 861
Franklin, WV 26807.

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system, for consent and approval of a water purchase agreement and for approval of financing in Pendleton and Grant Counties.

NOTICE OF FILING

On February 11, 2009, Pendleton County Public Service District ("District") filed an application, duly verified, for a Certificate to construct certain additions, improvements and extensions to its existing waterworks distribution system in Pendleton County and Grant County, West Virginia. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The District estimates that construction is not expected to exceed \$3,143,000.00. It is proposed that construction be financed by a United States Department of Agriculture loan in the amount of \$253,000.00, a \$700,000.00 grant from the United States Department of Agriculture, a \$1,500,000.00 Small Cities Block Grant, and a \$690,000.00 grant from the West Virginia Infrastructure and Jobs Development Council.

The District proposes to construct certain additions and improvements to the waterworks facilities to serve eighty-seven new customers in Pendleton County and Grant County, including construction of approximately fifteen miles of two inch and six inch waterlines, a seventy-four thousand gallon storage tank and a fifty gpm booster station, and necessary appurtenances relating thereto ("the Project").

The District is not seeking an increase in its existing water rates. Therefore, the District anticipates charging its water customers the following rates and charges established in Public Service Commission Case No. 08-1751-PWD-30B, with said rates being effective for service rendered on or after

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

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

RATES (customers with metered water supply)
\$12.16 per 1,000 gallons.

MINIMUM CHARGE

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

5/8 inch meter -- \$ 23.80 per month
3/4 inch meter -- \$ 35.70 per month
1 inch meter -- \$ 59.50 per month
1 1/2 inch meter -- \$128.50 per month
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The above minimum charge is subject to an additional \$0.26 per thousand gallons used per month.

DELAYED PAYMENT PENALTY

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

RETURN CHECK FOR INSUFFICIENT FUNDS

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

RECONNECTION FEE

\$20.00

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

TARIFF

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

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT INCREMENT

\$1.66 per thousand gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

WATER SCHEDULE

NO

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for private fire protection services.

RATES

Where connections, hydrants, sprinklers, etc., on property are maintained by consumer:
2 - inch water line w/hydrants, sprinkler, and/or hose connections -- \$6.00 per month
3 - inch water line w/hydrants, sprinkler, and/or hose connections -- \$6.30 per month
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The District has no resale customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to W.Va. Code §24-2-11, IT IS ORDERED that the Pendleton County Public Service District give notice of the filing of said application, by publishing a copy of this order price in a newspaper duly qualified by the Secretary of State, published and of general circulation in Pendleton County and Grant County, 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 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 intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia, 25321.

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

Sandra Squire
1c Executive Secretary

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

MINUTES ON APPOINTMENT OF CHAIRMAN *PRO TEMPORE*,
ADOPTION OF BOND RESOLUTION,
AND FIRST DRAW RESOLUTION

The undersigned Secretary of the Public Service Board of Pendleton County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

The Public Service Board of Pendleton County Public Service District met in regular session, pursuant to notice duly given, on the 22nd day of October, 2009, at Franklin, West Virginia, at the hour of 10:00 a.m.

PRESENT: French A. Moates
Priscilla J. Mullenax
Tammy George

ABSENT: Michael A. Wagoner

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

Thereupon, following nomination and vote and approval for French Moates as Chairman *Pro Tempore* and Tammy George as Secretary

Next, 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 PENDLETON COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$253,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 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 French Moates and seconded by Priscilla Mullenax, 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 Priscilla Mullenax and seconded by French Moates, it was unanimously ordered that the said Draw Resolution be adopted.

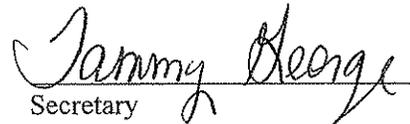
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

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

WITNESS my signature on this 26th day of October, 2009.


Secretary

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

MINUTES ON APPOINTMENT OF CHAIRMAN *PRO TEMPORE*,
ADOPTION OF BOND RESOLUTION,
AND FIRST DRAW RESOLUTION

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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

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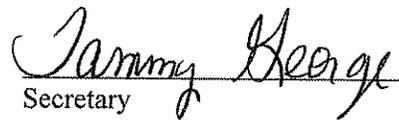
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CERTIFICATION

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

WITNESS my signature on this 26th day of October, 2009.


Secretary

WV MUNICIPAL BOND COMMISSION

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

NEW ISSUE REPORT FORM

Date of Report: 26-Oct-09

ISSUE: Pendleton County Public Service District
Water Revenue Bonds, Series 2009 A (United States Department of Agriculture)

ADDRESS: Post Office Box 861, Franklin, West Virginia 26807 COUNTY: Pendleton

PURPOSE OF ISSUE:

New Money: x
 Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 26-Oct-09

CLOSING DATE: 26-Oct-09

ISSUE AMOUNT: \$253,000

RATE: na

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A

PAYING AGENT: Issuer

BOND COUNSEL:

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

UNDERWRITERS COUNSEL

Firm: _____
 Contact: _____
 Phone: _____

CLOSING BANK:

Bank: N/A
 Contact: _____
 Phone: _____

ESCROW TRUSTEE:

Firm: _____
 Contact: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact: Michael Wagoner
 Position: Chairman
 Phone: 304.358.3027

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	_____	Accrued Interest:	\$ _____
	_____ Check	_____	Capitalized Interest:	\$ _____
		_____	Reserve Account:	\$ _____
		_____	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:	_____ Wire	_____	To Escrow Trustee	\$ _____
	_____ Check	_____	To Issuer	\$ _____
	_____ IGT	_____	To Cons. Invest. Fund	\$ _____
		_____	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 2009 A Bonds Reserve Account.
Payments into the Series 2009 A Bonds Reserve Account will commence 24 months following the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

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

PERMIT

(Water)

PROJECT: Kline Mozer Water Line Extensions

PERMIT NO.: 18,193

LOCATION: Kline and Mozer

COUNTY: Pendleton

DATE: 12-12-2008

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

**Pendleton County Public Service District
P. O. Box 861
Franklin, West Virginia 26807-861**

is hereby granted approval to: install approximately 68,716 LF of 6" and 5,005 LF of 2" water line; one (1) 52 GPM duplex water booster station with booster chlorination; one (1) 4"/2" PRV station; one (1) check valve station; one (1) 74,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

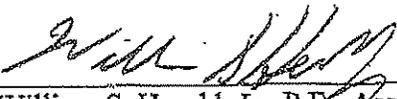
Facilities are to serve approximately 87 new customers in the Kline and Mozer areas in the Pendleton County Public Service District.

NOTE: This permit is contingent upon: 1) All new water line and the new water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new 74,000 gallon tank with a minimum six (6) feet high fence with a locking gate.

The Environmental Engineering Division of the OEHS-Kearneysville District Office, (304) 725-9453, is to be notified when construction begins.

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

FOR THE DIRECTOR


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

WSH:cls

pc: Cerrone Associates, Inc.
James W. Ellars, P.E.
Amy Swann, PSC
Pendleton County Health Department
OEHS-EED Kearneysville District Office

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE PENDLETON CO PUBLIC SERVICE DISTRICT

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

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

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

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

TWO HUNDRED FIFTY-THREE THOUSAND AND XX / 100 DOLLARS (\$253,000.00)

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 \$ 700,000.00

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).

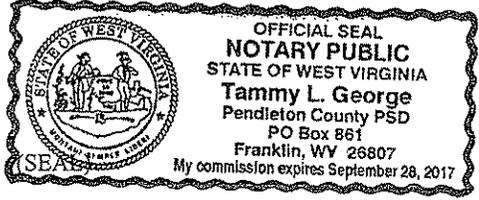
The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions 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 N/A

IN WITNESS WHEREOF, the Board of Directors of the

PENDLETON CO PUBLIC SERVICE DISTRICT has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 11th day of February, 2008



PENDLETON CO PUBLIC SERVICE DISTRICT

By [Signature]

Title Chairman

Attest:
[Signature]
Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Acting Chairman of the PENDLETON CO PUBLIC SERVICE DISTRICT
hereby certify that the Board of Directors of such Association is composed of
3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and
held on the Feb day of 11, 2008; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of October 20th, 2009,
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 October day of 26, 2009

Lurch C. Mott

Title Chairman
acting

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

THIS AGREEMENT dated October 26, 2009 between

PENDLETON CO PUBLIC SERVICE DISTRICT

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code

(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 3,143,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 2,443,000 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 \$ 2,443,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 700,000 or 22.27% 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 22.27% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

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

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes

of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 per centum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

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

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

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

[Revision 1, 04/17/1998]

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

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

All real property used in association with the Pendleton County PSD Water System.

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

[Revision 1, 04/17/1998]

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

None

M. Provide Financial Management Systems which will include:

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

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

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

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

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

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

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

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

[Revision 1, 11/20/1997]

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

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

[Revision 1, 11/20/97]

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

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

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$700,000.00. which it will advance to Grantee to meet not to exceed 22.27% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

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

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

Termination of This Agreement

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

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

and attested and its corporate seal affixed by its duly authorized

Attest:

Tammy George

By:

Tammy George

(Title)

Secretary

By:

Lunch E. Mont

(Title)

acting chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By:

Anna-Marie Hartz

LOAN SPECIALIST

(Title)

IC-2
(10/09)

GRANT AGREEMENT
(2004W-807)

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

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$690,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

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

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

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

TERMS

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

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

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

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

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

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

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

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

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

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

DISTRICT

(SEAL)

Attest:

Jimmy George

Its: Secretary

PENDLETON COUNTY PUBLIC SERVICE

By: Frank L. Monte

Its: Chairman

Date: October 22, 2009

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: [Signature]

Its: Executive Director

Date: October 22, 2009

(SEAL)

Attest:

Carol A. Cummings

Its: Secretary-Treasurer



1904

[Handwritten signature]

Exhibit A

Project Description

The Project consists of improvements and extensions to the Governmental Agency's water system and will serve 94 new customers in the Kline, Mozer, Brushy Run and Jake Hill Road areas.

[To Be Placed on Letterhead]

Exhibit B

Wiring Instructions

_____, 20__

**Pendleton County Public Service District
P.O. Box 861
Franklin, West Virginia 26807-861**

Payor: West Virginia Water Development Authority
Source: Grant Proceeds
Amount: \$ _____
Date: _____, 20__
Form: Electronic Funds Transfer
Payee: Pendleton County Public Service District
Bank: _____
Bank Street Address: _____
Bank Contact: _____
Telephone: _____
Routing No.: _____
Account No.: _____
Account Name: _____

Exhibit A

Project Description

The Project consists of improvements and extensions to the Governmental Agency's water system and will serve 94 new customers in the Kline, Mozer, Brushy Run and Jake Hill Road areas.

West Virginia Infrastructure & Jobs Development Council

Public Members:

Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

May 8, 2006

Mike Wagoner, Chairman
Pendleton County Public Service District
P.O. Box 861
Franklin, West Virginia 26807

Re: Pendleton County Public Service District
Water Project 2004W-804

Dear Mr. Wagoner:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Pendleton County Public Service District's (the "District") revised preliminary application to extend a water line to the communities of Kline and Mozer in Pendleton County (the "Project").

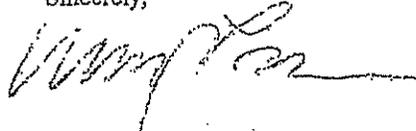
Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Council determined that the District should pursue a \$1,500,000 Small Cities Block Grant, a \$700,000 Rural Utilities Service grant and a \$253,000 Rural Utilities Service loan to fund this \$3,143,000 project. Please contact the WV Development Office at (304) 558-4010 and the Rural Utilities Service office at (304) 636-2158 for specific information on the steps the District needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from these agencies.

The Council also determined that the District may be eligible for a \$690,000 Infrastructure Fund grant pending final determination of the project's eligibility and readiness to proceed. This letter is not a commitment letter of Infrastructure Funds. The Project will be placed on the Council's pending list of projects.

If you have any questions regarding this matter, please contact Jeff Brady at 558-4607.

Sincerely,



Mark Prince

Enclosure

cc: Pat Taylor, BPH (w/o enclosure)
Tracey Rowan, SCBG (w/o enclosure)
Joseph Crickenberger, RUS
Region VIII Planning & Development Council
Cerrone Associates, Inc.



State of West Virginia
Joe Manchin III
Governor

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

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

February 1, 2008

The Honorable Robert Armentrout
President
Pendleton County Commission
Post Office Box 187
Franklin, West Virginia 26807

Dear Commissioner Armentrout:

Thank you for your application to the Small Cities Block Grant Program.

Your request has been approved in the amount of \$200,000 for a Design and Administration Grant. These funds will enable you to complete the engineering design and required administrative services to extend water service to 87 residents in the Kline-Mozer area of the county.

In order to effectively use the limited dollars available, the West Virginia Development Office has launched a new program to assist communities with the engineering and administrative components of selected projects. This grant does not secure funding for the balance of the request in your application. The designed project must be resubmitted and will be competitively reviewed and considered for funding based on an amended application, availability of funds, and other requests pending at that time. The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule.

Please contact Pamela K. King of the West Virginia Development Office, at (304) 558-2234, to complete the necessary contract in order to proceed with your project.

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

With warmest regards

A handwritten signature in black ink, appearing to read "Joe Manchin III".

Joe Manchin III
Governor

JM:pkb



WEST VIRGINIA DEVELOPMENT OFFICE

1900 Kanawha Boulevard, East • Charleston, WV 25305-0311
(304) 558-2234 • (800) 982-3386
www.wvopenforbusiness.com

February 4, 2008

SCANNED
11-24-08
Date
PIC
Initials

The Honorable Robert Armentrout
President
Pendleton County Commission
Post Office Box 187
Franklin, West Virginia 26807

Dear Commissioner Armentrout:

RE: Fiscal Year 2007 Small Cities Design and Administration Block Grant
Project Number: 07SCBG0034
Pendleton County Commission – Kline-Mozer Water Line Extension

Congratulations on Governor Manchin's recent Small Cities Block Grant (SCBG) award to the Pendleton County Commission for a Design and Administration Grant. These funds will enable you to complete the engineering design and required administrative services for your project to extend water service to 87 residents in the Kline-Mozer area of the County. The award letter was the first step in securing the State/Local Contract and Release of Funds for the project.

State/Local Contract Requirements

Enclosed is the grant agreement for this project. Please execute the agreement, and enclose a resolution accepting the conditions of this contract and authorizing your signature on the last page. The Community Development Division may cancel the grant and reallocate the grant funds if the grant agreement is not prepared, signed, and processed within 30 days of the date of this letter.

Release of Funds Requirements

Please note that, at this time, you may not incur costs to be reimbursed with SCBG funds except for those costs relating to administration, engineering, and planning, as applicable. Otherwise, you may not obligate any other project funds until you have received a Notice of Approval of Evidentiary Materials and Release of Funds from the West Virginia Development Office. In order to secure the Release of Funds, you must first submit a Request for Approval of Evidentiary Materials and Release of Funds. We have enclosed a listing of all required documents that comprise this document.

All requested documentation must be submitted simultaneously with the request. You must complete these tasks within 120 days of the date of this letter. Failure to fulfill these requirements by the prescribed date may also lead to withdrawal of the SCBG funds. An extension can only be granted through the submission of a letter from the grantee detailing the justification for the specific information that cannot be submitted within this time frame. The request for an extension must be submitted 30 days prior to the 120-day deadline date.

The Honorable Robert Armentrout

Page 2

February 4, 2008

The SCBG Handbook provides a step-by-step guide on how to obtain release of funds, meet environmental requirements, meet all federal and state SCBG requirements, and successfully complete your project. Your project administrator will be provided with a copy of this handbook.

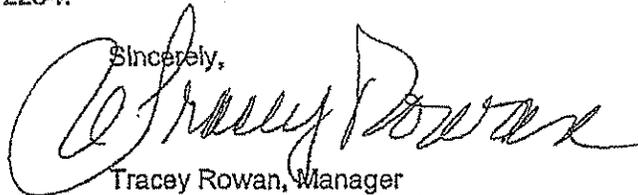
Please contact our office to schedule an implementation meeting to go over these requirements and ask any questions or share any concerns you may have concerning evidentiary materials and the administration of your project. You (or another elected representative), your project administrator, and any other personnel who will participate in the implementation of your SCBG program must be at this meeting.

During the implementation meeting, we will verify the method used to qualify your project. If you used HUD census data, we will need to see that documentation to ensure that the census and project area are coterminous. If you completed an income survey of the project area, then we will do a thorough review of all survey documentation. We will have to see the actual forms. Your project administrator may be able to assist you in securing the appropriate documentation.

Finally, please find enclosed a copy of the Design Grant Program criteria for your information and use.

If you have any questions concerning the requirements of this letter, please contact Mrs. Pamela K. King or me at (304) 558-2234.

Sincerely,



Tracey Rowan, Manager
Project Development Section
Community Development Division

TR:anm

Enclosures

cc: Terry Lively, Region VIII ✓

WEST VIRGINIA DEVELOPMENT OFFICE
GRANT AWARD

Grant Number:	08-494
CFDA Number:	14.228
Fiscal Year:	2008
State Acct. No.:	8746-2008-0307-096-128
Program Name:	SCBG

Grantee Name & Address: F.E.I.N.
556-000-375

PENDLETON COUNTY COMMISSION
POST OFFICE BOX 187
FRANKLIN, WEST VIRGINIA 26807

Grant Period:
From: FEBRUARY 1, 2008
To: FEBRUARY 1, 2010

Project Name: WATER IMPROVEMENTS

Grant ID: B07DC540001

Project Number: 07SCBG0034

Project Description

Shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to pay for engineering design and administration to upgrade the Kline-Mozer area.

Change Orders

Number: Date: Purpose:

TERMS AND CONDITIONS ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____, PROCESSED ON OR ABOUT _____
PAYMENT NUMBER _____

TOTAL AMOUNT OF THIS GRANT \$200,000.00

Authorized Signature: 

Title: Pam King Executive Director

Submitted By: Pam King

Date: 3/6/2008

SMALL CITIES BLOCK GRANT CONTRACT
between the
WEST VIRGINIA DEVELOPMENT OFFICE
and the
PENDLETON COUNTY COMMISSION

THIS AGREEMENT, entered into this 1st day of February, 2008, by the West Virginia Department of Finance and Administration on behalf of the West Virginia Development Office, hereinafter called the "State," and the Pendleton County Commission and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, subject to the applicable regulations of the Department of Housing and Urban Development, including but not limited to 24 CFR Part 570, Sub-Part I, as amended or revised, and subject to the scope of the State of West Virginia's Small Cities Block Grant Handbook and other Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the Grantee has identified its housing and community development needs, including those of low- and moderate-income persons and the activities to be undertaken to meet such needs.

WHEREAS, the Grantee has prepared a written citizen's participation plan which provides opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination and comment regarding the proposed project and on the community development performance of the Grantee, a Community Development and Housing Needs Assessment Plan, and an Anti-displacement and Relocation Assistance Plan.

WHEREAS, for audit purposes, the Catalog of Federal Domestic Assistance (CFDA) number is 14.228, Community Development Block Grant/State's Program, funded by the U. S. Department of Housing and Urban Development.

WHEREAS, the Grantee has requested assistance from the State and has offered assurances that maximum possible priority has been given to activities which will benefit low- and moderate-income families, or aid in the prevention or elimination of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. **Assistance to Grantee.** The State shall obligate to the Grantee, from funds allocated to the State by Grant Agreement B-07-DC-54-0001, \$200,000 to perform such tasks hereafter described in the Scope of Services.

2. **Scope of Services.** The Grantee, or its designated agent, in accordance with the Small Cities Block Grant Handbook other Program Guidelines to be used in administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform, and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to complete the engineering design and required administrative services to extend water service to 87 residents in the Kline-Mozer area of the County.

3. **Changes.** The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract. Changes in the number of L/M beneficiaries as well as in the Scope of Services which deviate from that originally approved shall require the same citizen participation process as performed for the initial submission of

the grant proposal. The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. **Time of Performance.** The Grantee will commence its duties under this Contract on February 1, 2009, and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the activities required hereunder shall be completed by February 1, 2010. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. **Performance Measures.** Performance measures establish that the Grantee should have all other funding in place and design and engineering completed within twelve months. These performance measures establish goals against which performance under this contract can be measured and evaluated during regular scheduled monitoring visits by the State. Failure to meet these performance measures can result in termination of this contract (see Provision 10 of this agreement).

6. **Administrative Requirements and Procedures.**

(A) *Personnel.* The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of, or have any contractual relationship with the State, consistent with the procedures identified in the Small Cities Block Grant Handbook.

(B) *Applicable Law.* The Grantee, its agents, and subrecipients shall comply with all the restrictions, conditions, policies, guidelines, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended; with all applicable State and Federal Laws and regulations including 24 CFR Part 570; 24 CFR Part 85; OMB Circulars A-87, A-110, A-122, and A-133, as applicable, in administering and distributing funds provided under this Agreement including, but not limited to, the following:

(1) P.L. 93-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Implementing regulations are found in 24 CFR Part I.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601-20 et. seq.) popularly known as the Fair Housing Act which provides for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. The Grantee further certifies that it will take actions necessary to affirmatively further fair housing.

(3) Executive Order 11063, as amended by Executive Order 12259, requires that taking of all actions necessary and appropriate to prevent discrimination because of race, color, religion (creed), sex, or national origin, in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use of occupancy thereof. Implementing regulations are contained in 24 CFR 107.

(4) Section 109 of P.L. 93-383 requires that no person in the United States shall, on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with community development funds.

Section 109 of the Act further provides any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et. seq.) or with respect to an otherwise qualified handicapped person as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall also apply.

(5) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. 327 et. seq.) and the Copeland Act (40 U.S.C. 276c) also applies. In addition, the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia State Code applies.

(6) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701U) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government or metropolitan area or non-metropolitan county in which the project is located, and that contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area.

(7) Executive Order 11246, as amended by Executive Order 12086 shall apply and provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts.

(8) Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831b) prohibits the use, and requires the elimination and/or abatement of the hazards of lead-based paints in residential structures constructed or rehabilitated with Federal assistance to include notification of the hazards of lead-based paint. The Lead Safe Housing Regulation (24 CFR Part 35) established the requirements for notification, evaluation, and reduction of lead-based paint hazards in federally-owned residential property and housing that receives federal assistance.

(9) The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(g) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National

Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11989, Protection of Wetlands, (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Water Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act ; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control; (n) Subpart C - Siting of HUD Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (o) and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities), the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58. In addition, the Grantee must submit all requested Evidentiary Material to the State for approval prior to the obligation of any funds (other than for exempt activities).

(10) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) (42 U.S.C. 4601) and HUD implementing regulations at 24 CFR Part 42 apply to the acquisition of real property for an activity assisted under this part and to the displacement of any family, individual, business, nonprofit organization or farm that results from such acquisition. The West Virginia Code, Chapter 54-3 also applies.

The Grantee must certify compliance with URA. Under Section 104(d) of the Act, each Grantee must adopt, make public and certify that it is following a residential anti-displacement and relocation assistance plan providing one-for-one replacement units and relocation assistance. The plan must also indicate the steps that will

be taken to minimize the displacement of persons from their homes as a result of any activities assisted under this part ab in accordance with 24 CFR Part 570.488(b).

(11) The State and the Grantee will comply with the provisions of the Department of Treasury Circular 1075 and/or the State's Small Cities Block Grant Handbook, as revised, in the process of requesting and administering funds from the State's Letter of Credit.

(12) Funds provided under this agreement shall not be expended for acquisition or construction purposes in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless the community in which the area is situated is participating in the National Flood Insurance Program; and flood insurance is obtained in accordance with Section 102(a) of the Flood Disaster Protection Act of 1973.

(C) *Accounting.* The Grantee will establish a separate account for the proper recording of project costs in accordance with generally accepted accounting principles and procedures so as to reflect all receipts and allowable expenditures, including program income in connection with the said project and the purpose thereof. Program income generated prior to project closeout must be expended as received for project related activities in accordance with 24 CFR 570. If the Grantee received less than \$25,000 per state fiscal year in program income after closeout, the dollars received are not subject to provision of 24 CFR 570 and may be used at the Grantee's discretion. If program income exceeds \$25,000 in any given state fiscal year after closeout, all program income earned must be expended in accordance with 24 CFR 570.489.

(D) *Audit.* Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted or performed by the State Auditor's Office. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and

Budget (OMB) Circular A-133 and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. Units of local government will make audit reports available for public inspection within thirty (30) days after the completion of the audit.

(E) *Record Retention.* Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

(1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

(2) Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

(3) Records for displacement shall be retained in accordance with the Small Cities Block Grant Handbook.

(4) The retention period starts from the date of the issuance of the final audit report.

(F) *Access to Records.* The Grantee and their assigned agents shall, at any time during normal business hours and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State or HUD shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

(G) *Repayment.* The Grantee shall refund to the State or Federal government any expenditures determined to be made for an ineligible purpose for which Federal funds were received.

(H) *Competitive Procurement Procedures.* All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition consistent with procedures identified in the Small Cities Block Handbook, 24 CFR Part 85, and with applicable local or State law.

The Grantee shall procure architect/engineer services in accordance with Chapter 5G of the West Virginia State Code and be in compliance with 24 CFR Part 85.

The Grantee shall procure construction contracts in accordance with Chapter 5-22-1 of the West Virginia State Code and be in compliance with federal regulations 24 CFR Part 85.

The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to their project which has an estimated value of over \$25,000. All transactions under \$25,000 whether construction-related contracts, supplies, or professional services should be procured in a manner that provides maximum open and free competition and files are to be maintained to document such activities. Any attempts by the Grantee to segregate the project into sections in order to circumvent competitive procurement may be cause for termination of this Agreement under the provisions of Paragraph 9. These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-I line of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area within a period of fourteen consecutive days with at least an interval of six full days within such period between the date of the first publication and the date of the second publication preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending

requests by mail to prospective bidders or contractors, sending notification to the State's Small Business Development Center Division, and by posting notice on a bulletin board in a public place. The Grantee or their designated agent shall have available upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

Grantees have the ability to procure professional and construction services through the design-build method (5-23A-1). Public agencies can only utilize design-build on building project. Highways, water, sewer, and all other public works projects are specifically prohibited from using the design-build method.

(l) *Bonding and Insurance.* As otherwise required by law, a grant that requires the contracting or subcontracting for construction or facility improvements under \$100,000 shall provide for the Grantee to follow local or State requirements relating to bid guarantees, performance bonds, and payment bonds provided that the Grantee's and State's interest is adequately protected and that such contracts can be executed in a timely manner; otherwise, bonding requirements shall be the same as for contracts exceeding \$100,000. If the contracts or subcontracts exceeds \$100,000, the minimum bonding and insurance requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment is required by law of a contractor supplying labor or materials in the execution of the work provided for in the Contract.

(J) *Facilities Operation.* The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable Federal, State and local statute, law, ordinance, or regulation as to actual construction procedures. The Grantee shall be responsible for maintenance and operation of such facilities upon completion. The Grantee may not change the use or planned use of any such facility (including the beneficiaries of such use) from that purpose initially approved unless the Grantee provides affected citizens with reasonable notice thereof and opportunity to comment on any proposed change all in accordance with 24 CFR Part 570.489(j).

(K) *Conflict of Interest.* No officer, agent, consultant, employee, elected or appointed official of the State, the Grantee, or any public agency or subrecipient receiving Community Development Block Grant funds who exercises or has exercised any function or responsibilities with respect to activities assisted with Community Development Block Grant funds or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from such activity or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter. The conflict of interest provision of 24 CFR 85.36; 24 CFR 570.489 (g) and (h); and OMB Circular A-110 also apply as appropriate.

7. Recovery of Capital Costs. The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds from this program by assessing any amount against properties owned and occupied by persons of low and

moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvement. (a) funds received are used to pay the proportion of such fees assessed that relates to the capital costs of such public improvements that are financed from other revenue sources; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certifies to the State of West Virginia that it lacks sufficient funds received under the program to comply with the requirements of clause (a).

8. **Method of Payment.** In order to receive any and all payments under the terms of this Agreement, the Grantee shall submit the following: (a) a Letter of Transmittal containing a progress report, and (b) a Request for Payment Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility and, if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the U.S. Department of Housing and Urban Development.

9. **Cost Underrun.** The State reserves the right to recapture all SCBG funds remaining due to cost underrun. The amount to be recovered will be prorated and proportional to the percent of actual total project expenditures.

10. **Termination of Contract for Cause.** If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner its obligations under this Contract or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee to such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the

Grantee, and the State may withhold any payments to the Grantee for the purpose of offsetting those damages until such time as the exact amount of damages due the State from the Grantee is determined.

11. Termination for Convenience of the State. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

12. Termination by Grantee. The Grantee may unilaterally rescind this Agreement at any time prior to the commencement of the project. After project commencement, this Agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

13. Reporting. A Final Performance Report shall be submitted to the State with the final request for payment for project costs, including final audit costs. Said Performance Report shall be made on the form provided by the State and meet the requirements of said report as set forth in the Small Cities Block Grant Handbook and other program guidelines of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

14. Final Closeout. Final Closeout shall be completed when the State: (a) is in receipt of a Final Performance Report; (b) has determined that all monitoring findings have been formally addressed and are resolved; and (c) has received a completed, final project audit and has determined that any findings have been resolved.

15. Resolution of Disputes. Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this Agreement shall be initiated through consultation and discussion at the State's Administrative

Offices with final decision on questions of policy or fact being determined by the Director of the Community Development Division of the West Virginia Development Office or his/her designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws. Citizen's complaints and disputes regarding Grantee performance or actions relative to the approved project are the responsibility of the Grantee.

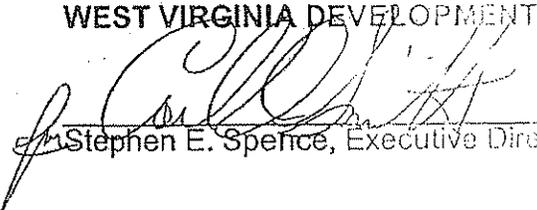
16. **Notice.** The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following addresses:

West Virginia Development Office
Community Development **Division**
Capitol Complex
Building 3, Room 553
Charleston, West Virginia 25305-0311

GRANTEE Pendleton County Commission
100 South Street Main, Post Office Box 187
Franklin, West Virginia 26307

[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this Agreement is done with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this Agreement.

STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE



Stephen E. Sperce, Executive Director

PENDLETON COUNTY COMMISSION



By: Robert Armentrout, President

FEDERAL EMPLOYER IDENTIFICATION NUMBER

55-6000375
F.E.I.N.

SMALL CITIES BLOCK GRANT

SECTION I

PROJECT SUMMARY

1. Original:

2. Applicant & Address:

Pendleton County Commission

3. F.E.I.N. of Applicant:

55-6000-375

4. Contact:

Phone Number: (304) 358-7525

E-Mail Address:

5. Name of Contact Person:

Angie Curl

Phone Number: (304) 257-2448

E-mail:

acurl@regioneight.org

6. Project Name:

Kline-Mozer Water Extension

7. County:

Pendleton

8. Region:

8

Congressional District:

2

9. Funding:

SCBG, RUS, IJDC

Type of Funding	Amount	Source of Funds
Small Cities Block Grant Request	\$ 1,500,000	Small Cities
Other State Grant	\$ 690,000	IJDC
Other State Loan	\$	
Other Federal Grant	\$ 700,000	RUS
Other Federal Loan	\$ 253,000	RUS
Local Funds	\$	
Private Funds	\$	
Other	\$	
Other	\$	
Total	\$ 3,143,000	

10. Project Scope—Description of Project: (Use additional pages, if necessary.)

The Pendleton County PSD has recently received interest for water service to various areas outside of its Upper Tract water system. At the present, the households in these areas are served mostly by individual wells and springs which dry up seasonally and at times contain discolored water. Fire protection is also limited due to a lack of accessible quantities of water.

11. 240 Number of Persons to be Served

171 Number of L.M.I. Persons LMI 71.43 %

12. To the best of my knowledge and belief, data in this proposal is true and correct, the submission thereof has been duly authorized by the governing body after appropriate citizen participation, and the applicant will comply with the attached assurances and certifications, if assistance is provided.

Typed Name: Robert G. Armentrout

Title: President

Signature: 

Date: _____

SECTION II:

Final Budget

Continued

Activity Name: Water and Sewer Extension

Cost Category	SCBG	Other Funds	Source of Other Funds	Available (Yes or No)	Total Cost
Administration	\$56,000				\$56,000
Arch/Engineer	\$309,000				\$309,000
Land Acquisition		\$54,000	RUS		\$54,000
Relocation					
Demo/Clearance					
Construction	\$1,494,000	\$1,494,000	RUS/JDC		\$2,614,000
Housing					
Planning Only					
*LMI Assessments	\$15,000				\$15,000
Other		\$95,000	RUS		\$95,000
Total	\$1,500,000	\$1,643,000			\$3,143,000

Water and Sewer

* LMI tap fee assistance must be provided to eligible low-income persons/families. If funds are available, it should be provided to moderate-income persons/families.

Attach Cost Estimates and documentation regarding the "Status" of other Funds. If other funds are not currently available for expenditure, list the assistance to be achieved to obtain the other funds and estimated dates when the milestones will be achieved.

MILESTONE	ESTIMATED DATE
SEE ATTACHED COST ESTIMATES	

Name of firm or individual who completed the cost estimate(s):

Cerrone Associates

Date of cost estimate(s): 05/30/06

ASSURANCES

Continuing Community Development Block Grant Small Cities Program

The applicant hereby represents and certifies that:

- A. It possesses the legal authority to execute the proposed program.
- B. Its governing body has adopted by an official act as resolution, motion, or similar action authorizing the submission of this application, including all understandings and assurances contained therein, and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- C. Prior to submission of this application to the state, the applicant has met the citizen participation requirements of clause (a).
- D. It will not attempt to recover any capital costs of public improvements assisted in whole or in part with Title I funds by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) The applicant is required to pay the proportion of such fee or assessment that relates to the capital cost of such public improvements that are financed from revenue sources other than Title I funds; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low- and moderate-income who are not persons of very low income, it certifies to the state that it lacks sufficient Title I funds to comply with the requirements of clause (a).
- E. It is following a written, approved citizen participation plan which:
 - 1. Provides for an ongoing citizen participation, with particular emphasis on participation by persons of low- and moderate-income who are residents of slums and blighted areas and of areas in which funds are proposed to be used and provides for participation of residents in low- and moderate-income neighborhoods as defined by the local jurisdiction;
 - 2. Provides citizens with reasonable and timely access to local meetings, information, and records relative to the grantee's proposed use of funds, as required by regulations of the Secretary of the U.S. Department of Housing and Urban Development and relating to the actual use of funds under this title;
 - 3. Provides for technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;
 - 4. Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the

development, implementation, and monitoring of activities, and review of program performance, shall be conducted after adequate notice, at times and locations accessible to the public or actual beneficiaries, and with accommodations for the hearing-impaired.

5. Provides for a grievance procedure to written complaints and grievances within 15 working days of the problem being identified.
6. Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

F. The applicant further certifies that it has, prior to submitting its Final Statement to the state:

1. Furnished the following information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken, including the estimated amount proposed to be used for activities that will benefit persons of low- and moderate-income and plans for minimizing the number of persons as a result of activities assisted with such funds and to assist persons who are displaced as a result of these activities;
2. Developed a community development plan for the grant period that identifies community development and housing needs and specifies both short- and long-term community development objectives that have been developed in accordance with the primary objectives and requirements of the Act and, if the activities selected serve beneficiaries that are not residents of its jurisdiction, has determined that the activities selected are meeting its needs in accordance with Section 106(d)(2)(D) of the Act;
3. Published a notice of statement in such manner and in sufficient detail to afford affected citizens the opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the applicant;
4. Provided a transcript of public meetings;
5. Held one or more public hearings to obtain the views of citizens on community development and housing needs;
6. Considered all comments and view prior to completing the Final State; and
7. Made the Final Statement available to the public.

G. Its chief executive officer or other officer:

1. Consents to appear as a witness of a responsible federal official under the National Environmental Policy Act of 1969, and

2. Authority to release information to applicant and himself/herself to accept the jurisdiction of the court for the purpose of enforcement of their respective responsibilities.
- H. The Community Development Plan has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families; meet other community development needs having particular urgency because an existing condition poses a serious immediate threat to the health and welfare of the community, and other financial resources are not available to meet such needs; or aid in the prevention or elimination of blighted or deteriorated areas.
- I. It will comply with all applicable federal, state, and requirements of the state as they relate to the use of funds to include Subpart I of CFR 570 and all applicable provisions of CFR 570 as specifically made applicable by the state to the extent applicable.
- J. It will adhere to all applicable state requirements set forth in 24 CFR 570.603 and all applicable state requirements.
- K. It will comply with all applicable state and/or federal government concerning special requirements of law, program requirements, and other administrative requirements.
- L. It will comply with the provisions of Executive Order 11988 relating to evaluation of flood hazard and Executive Order 11990 relating to the prevention, control, and abatement of water pollution.
- M. Its notification and reporting procedures concerning lead-based paint will comply with all applicable state and federal procedures adopted by the state.
- N. It will require every contractor (with a privately-owned residential structure) designed, constructed, or substantially rehabilitated under this part, to comply with the "American Standard Specifications for Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped" Number A-117.1-R-1971, subject to the exceptions contained in Federal Order A. The applicant will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.
- O. It will comply with:
1. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 801) which provides that no persons in the United States shall, on the basis of race, color, or national origin, be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination under any program receiving federal financial assistance, and that the applicant shall take any measures necessary to effectuate this assurance. If any and all property or structure thereon is provided or improved with the aid of federal financial assistance extend to the applicant, this assurance shall obligate the applicant to take any of any transfer of such property, any transfer, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

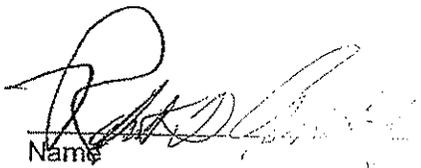
2. Title VIII of the Civil Rights Act of 1968 (42 USC 90-284), as amended, administering all projects or activities relating to housing and community development, in a manner to fulfill the intent of fair housing; and will take action to affirmatively further fair housing, including the rental of housing, the financing of housing, and the provision of housing services.
 3. Section 504 of the Rehabilitation Act of 1974, and the regulations issued pursuant thereto (24 CFR Part 570.602), which provides that no persons in the United States shall, on the grounds of race, color, national origin, religion, sex, handicap, or marital status, be excluded under any program or activity funded in part with Federal assistance including discrimination on the basis of age under the Age Discrimination Act of 1975, or with respect to an otherwise qualified handicapped individual under part 504 of the Rehabilitation Act of 1973 and the regulations issued pursuant thereto (24 CFR Part 8).
 4. Executive Order 11811 on equal opportunity in housing and nondiscrimination in the sale or rental of housing with federal assistance.
 5. Executive Order 11811 and the regulations issued pursuant thereto (24 CFR Part 130 and 24 CFR Part 100), which provides that no persons shall be discriminated against on the basis of race, color, sex, or national origin in all phases of employment in connection with the sale or federally-assisted construction contracts and contracts for the purchase of federal and federally assisted construction contracts shall take affirmative action to ensure fair treatment in employment including, demand for promotion, recruitment or recruiting; advertising; layoff or termination; rate of pay or other terms of compensation; and selection for training and promotion.
- P. It will comply with Section 8 of the Housing and Urban Development Act of 1968, as amended, providing that, to the greatest extent feasible, opportunities for training and employment be given to low-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by persons residing in, the area of the project.
- Q. It will comply with the Urban Renewal Assistance and Real Property Acquisition Policies Act of 1970, as amended, and the Federal Implementing Regulation at 49 CFR Part 24, and the Department of Housing and Urban Development's policy on residential anti-displacement and relocation assistance under section 104(d) of the Act, and will minimize displacement of persons and loss of activities assisted with CDBG funds.
- R. It will establish safeguards to prohibit employees from using positions for a purpose that is, or gives the appearance of being, motivated by a desire for a private gain for themselves or others, particularly those with who, they have family, business, or other ties as required by State Law and 24 CFR 570.489(h).
- S. It will comply with the provisions of the Hatch Act, which limits the political activity of employees.

BB. It certifies that it has not, and will not, do any of the following:

1. No federal, state, or local funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, grant, loan, or cooperative agreement, the making of any federal contract, grant, loan, or cooperative agreement, the extension, modification, or renewal of any federal contract, grant, loan, or cooperative agreement.
2. If any federal or non-federal money or funds have been paid or will be paid to any persons for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard Form-LL, "Disclosure of Lobbying Activities," in accordance with its instructions.
3. The undersigned certifies that the language of this certification be included in the award for any federal contract, grant, loan, or cooperative agreement (including subcontractors, subgrants, and cooperative agreements) and that all subrecipient(s) shall use it accordingly.

This certification is a material part of the contract upon which reliance was placed when this transaction was made. The submission of this certification is a prerequisite for making or entering into this transaction as required by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

- CC. It has been adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement officers within its jurisdiction against any individual engaged in nonviolent civil disobedience or entering applicable state and local laws against physically taking a person to or from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.
- DD. It is in compliance with the provisions of Section 504 of the HUD Act, or will take appropriate steps to ensure compliance.
- EE. It will comply with Section 502 of the HUD Reform Act of 1989, and CFR Part 12 in regard to the disclosure of information for projects exceeding \$200,000 in the aggregate.


Name _____

Chief Elected Official

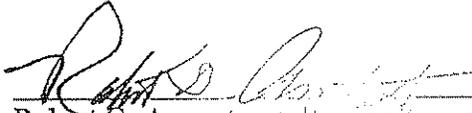
Date

OFFICE OF THE
PENDLETON COUNTY COMMISSION

February 19, 2008

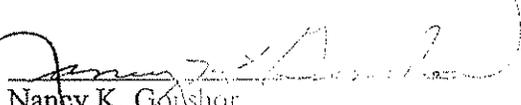
The Pendleton County Commission met February 19, 2008 with a quorum present and passed the following resolution.

BE IT THEREFORE RESOLVED that the Pendleton County Commission hereby authorizes The Honorable Robert G. Armentrout, President of the Pendleton County Commission, to act on its behalf and enter into a contractual agreement with the West Virginia Development Service. The Pendleton County Commission agrees to receive and administer part of the proceeds of the Rural Cities Block Grant to complete engineering design and provide administrative services to extend water service to residents in the Kline-Mozer area.


Robert G. Armentrout, President
Pendleton County Commission

02-19-2008
Date

Attest:


Nancy K. Gorshor
Pendleton County Clerk

2/19/08
Date

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of Pendleton Community Bank, Franklin, West Virginia (the "Bank"), hereby certifies that on October 26, 2009, the Bank received an automated transfer in the amount of \$10,300 to the credit of the Series 2009 A Bonds Construction Trust Fund, Account Number 221333.

WITNESS my signature on this 26th day of October, 2009.

PENDLETON COMMUNITY BANK

By: Jessica R Bowers
Its: Authorized Officer

694280.00004

CH5113059.1

PENDLETON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION OF THE PENDLETON COUNTY PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO ACQUISITION CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED KLINE-MOZER WATER LINE PROJECT AND AUTHORIZING PAYMENT THEREOF.

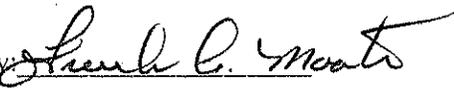
WHEREAS, the Pendleton County Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Water Project funded by the Rural Utilities Services (RUS) Loan/Grant and find as follows:

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

NOW, THEREFOR, BE IT RESOLVED The Pendleton County Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	RUS Grant	RUS Loan	SCBG Grant	IJDC Grant
Steptoe & Johnson (Bond Counsel)	\$10,250.00		\$10,250.00		
Total	\$10,250.00	\$0.00	\$10,250.00	\$0.00	\$0.00
	<i>Rounded to</i>		<i>Rounded to</i>		
	\$10,300.00		\$10,300.00		

ADOPTED BY the Pendleton County Public Service District, at the meeting held on the 22nd day of October, 2009.

By: 

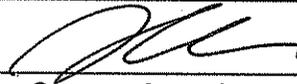
Its: Chairman

Pendleton Public Service District Kline-Mozer Water Project

Requisition No. 1

10/22/09

Payee	SCBG	RUS	Total
Steptoe & Johnson		\$10,250.00	\$10,250.00
Total This Request	\$0.00	\$10,250.00	\$10,250.00
Total Requested to Date	\$131,980.30	\$10,250.00	\$142,230.30

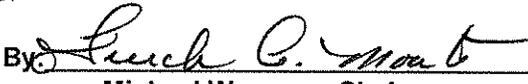
Recommended for Payment: By:  Date: 10 26 09
Cerrone Associates

Resolution of the Pendleton County Public Service District
Whereas, the Pendleton County PSD Board has reviewed the attached invoices relating to the proposed water line construction project and finds as follows:

1. That none of the items for which payment is proposed under this requisition has formed the basis for any disbursement heretofore made.
2. That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the project.
3. That each of such costs has been otherwise properly incurred; and
4. That payment for each of the items proposed is then due and owing.

Now, therefore, be it resolved by the Pendleton County Public Service District that the payment of the attached invoices, as summarized above, is hereby authorized and directed.

Adopted by the Pendleton County Public Service District at a meeting held on the 22nd day of October, 2009.

By: 
Michael Wagoner, Chairman
French Moates,

Approved for Payment: By: Anna-Marie Hunt Date: 10-26-09
USDA Rural Development, RUS

Wiring Instructions

**Pendleton County Public Service District
P.O. Box 861
Franklin, West Virginia**

Payor: West Virginia Water Development Authority
Source: Grant Proceeds
Amount: \$-0-
Date: October 26, 2009
Form: Electronic Funds Transfer
Payee: Pendleton County Public Service District
Bank: Pendleton Community Bank
Bank Street Address: P O Box 487, 300 N Main Street, Franklin, WV
Bank Contact: Nellie Keplinger Telephone: 304-358-2311
Routing No.: 051504254
Account No.: 221333
Account Name: Pendleton County Public Service District
Kline-Mozer Water Project