

## DISTRIBUTION LIST

**\$350,000**

**PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012**

### Issuer

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Robert Beall, Secretary  
Perry Dye, Treasurer  
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### Bond Purchaser

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### Project Coordinator

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### Depository Bank

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Bond Commission

West Virginia Municipal Bond Commission

Sara Boardman, Executive Director

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SERIES 2012**

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The Pre-Closing of the sale of \$350,000 Pleasant Hill Public Service District, Water Revenue Bond, Series 2012, will take place at the offices of Boyles & Hildreth, Spencer, West Virginia, at 10:00 a.m., Eastern Time, on June 26, 2012. The Closing of the Series 2012 Bonds will occur on the 28<sup>th</sup> day of June, 2012. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document that references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.



MAY 18 2009

RUS Bulletin 1780-12  
(Automated 11-97)

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

THIS AGREEMENT dated 5-14-09 between

Pleasant Hill Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia State 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 \$ 750,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 350,000 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 \$ 350,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 400,000 or 53.33% 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 53.33% 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, as approved by the West Virginia Public Service Commission and effective for all bills rendered on and after December 19, 2007, and as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

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

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

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

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

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

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

**The entire water system owned and operated by the Pleasant Hill Public Service District various size water mains, a water storage tank, a booster pump station, a pressure reducing station, fire hydrants, and miscellaneous appurtenances in Calhoun County, West Virginia.**

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

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

1. Use of equipment.

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

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

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

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need 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 \$400,000.00 which it will advance to Grantee to meet not to exceed 53.33% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

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

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

Termination of This Agreement

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

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

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By: Robert Beall  
Robert Beall

(Title) Secretary

By: T. Dale Cunningham  
T. Dale Cunningham

(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Virginia M. McDonald 6/28/12

VIRGINIA M. McDONALD, Area Specialist

(Title)



STATE OF WEST VIRGINIA,

COUNTY OF CALHOUN, to-wit:

I, Robert Beall, do hereby certify that I am the duly qualified and acting Secretary of the Public Service Board of the Pleasant Hill Public Service District.

I further certify that attached hereto are Orders of the County Commission of Calhoun County, West Virginia, creating the Pleasant Hill Public Service District and subsequently expanding its boundaries, all of which Orders remain in full force and effect with no changes, insertions, amendments or modifications having been made thereto since their respective dates of adoption.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and affixed the seal of said Public Service District as of the 28<sup>th</sup> day of June, 2012.

  
Secretary

(SEAL)

# Order Creating the District

The preliminary plans for the proposed addition to the Calhoun General Hospital prepared by C. E. Silling & Associates, Architects of Charleston, West Virginia, dated March 28, 1968, with revisions April 9, 1968, April 24, 1968 and May 8, 1968, identifying Drawing No. 2, are hereby approved by the Court.

\* \* \* \* \*

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Pleasant Hill Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on October 7, 1968, the President announced that all persons residing in or owning or having an interest in property in such proposed Public Service District desiring to be heard for or against the creation of said District would be heard and all such interested persons desired to be heard were given full opportunity.

The County Court then further discussed the creation of said Public Service District, whereupon Julia H. Holbert introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Pleasant Hill Public Service District in Calhoun County, West Virginia,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Cecil R. Jarvis seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Three

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

Julia H. Holbert introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the Public Service Board of the Pleasant Hill Public Service District,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Cecil R. Jarvis seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Three

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

\* \* \* \* \*

A RESOLUTION AND ORDER creating  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
in Calhoun County, West Virginia

WHEREAS, The County Court of Calhoun County, West Virginia, did heretofore by a Resolution and Order adopted October 7, 1968, fix a date for a public hearing on the creation of the proposed Pleasant Hill Public Service District, and in and by said Resolution and Order provide that all persons residing in or owning or having any interest in property in the proposed Public Service District might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said District; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order, and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed Public Service District and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said District;

NOW, THEREFORE, Be it and it is hereby RESOLVED and ORDERED by the County Court of Calhoun County, West Virginia, as follows:

Section 1. That a Public Service District within Calhoun County, West Virginia, is hereby created, and said District shall have the following boundaries: BEGINNING at a point about 0.20 mile north of the northeasterly corner of the corporate boundary of the Town of Grantsville, said point having a latitude of North 38 degrees 55 minutes 58 seconds and longitude West 81 degrees 05 minutes and running thence West 0.22 mile (crossing Secondary Highway 16 at 0.11 mile); thence N. 47 degrees 37 minutes E 1.64 miles; thence North 0.92 mile; thence West 1.63 mile; thence North 0.55 mile; thence East 1.59 mile; thence N 22 degrees 50 minutes West 0.80 mile; thence N 65 degrees 40 minutes West 0.70 mile; thence North 1.44 miles to a point at latitude North 39 degrees 00 minutes 21 seconds and longitude West 81 degrees 05 minutes; thence East 0.11 mile (crossing Secondary Highway 16 at 0.05 mile) S 23 degrees 35 minutes E 1.36 miles, East 1.84 miles to the county line of Calhoun and Gilmer Counties; thence with said county line in a southerly direction 0.25 mile; thence S 57 degrees 25 minutes W 0.82 mile; thence South 2.04 miles to a point at a county road; thence S 48 degrees 10 minutes W 2.27 miles; thence South 1.05 miles (crossing Secondary Highway 5 at 0.80mile) to the middle of the little Kanawha River; thence with the meanders of said river in a southerly direction 0.90 mile; thence West 0.45 mile; thence North 2.13 miles (crossing a secondary road at 0.42 mile, crossing Little Kanawha River at 0.49 mile, and crossing Secondary Highway at 0.79 mile) to the beginning containing Seven and twenty-five one hundredths (7.25) square miles, located in Center and Sherman Magisterial Districts, Calhoun County, West Virginia, as shown on a map prepared by J.H. Milam, Inc., Dunbar, West Virginia, and dated September 30, 1968.

Section 2. That said Public Service District so created shall have the name and corporate title of Pleasant Hill Public Service District, and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Calhoun County, West Virginia, has determined that the territory within Calhoun County, West Virginia, having the hereinabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise, and the maintenance, operation, improvement and extension of properties supplying water services and sewage services within such territory by said Public Service District will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT: November 4, 1968

\* \* \* \* \*

A RESOLUTION AND ORDER appointing members  
to the Public Service Board of the  
PLEASANT HILL PUBLIC SERVICE DISTRICT

WHEREAS, the County Court of Calhoun County, West Virginia, did heretofore by resolution and order adopted November 4, 1968, create the PLEASANT HILL PUBLIC SERVICE DISTRICT; and

WHEREAS, under the provisions of Article 13-a of Chapter 16 of the West Virginia Code, the powers of said Public Service District shall be vested in and exercised by a Public Service Board; and

WHEREAS, since there is no city, incorporated town or other municipal corporation included within said District, it is provided by said Article 13-a of Chapter 16 of the West Virginia Code that this County Court shall appoint three members of said Board, who shall be persons residing within the District;

# Enlargement of Pleasant Hill PSD

The following bills were approved for payment from Dog Tax Fund:

Albert Taylor	Mileage & dogs destroyed	8.60
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The following bills were approved for payment from Jail Improvement Fund:

Hardman Supply	Supplies for Jail	13.30
Western Auto Asso.Store	do	11.00
Law Hardware	do	63.95

The following bills were approved for payment from Revenue Sharing Fund:

Calhoun County 4-H Club	Donation for camp	75.00
Casto & Harris, Inc	Post binder	9.65.

\* \* \* \* \*

## NOTICE OF PUBLIC HEARING ON

## ENLARGEMENT OF PLEASANT HILL

## PUBLIC SERVICE DISTRICT

Notice is hereby given that the Calhoun County Court by its own motion has proposed the enlargement of the Pleasant Hill Public Service District by embracing additional territory within its area, for the purpose of construction, or acquisition by purchase or otherwise, and of the maintenance, operation, improvement and extension of public service properties supplying Public Water Services and Public Sewerage Services within said District as enlarged and also outside the same to the extent permitted by law, which additional territory or area to be embraced within the existing Pleasant Hill Public Service District will be bounded and described as follows, to-wit:

BEGINNING at a point on the original boundary line and following said boundary line S 42° 23' W, 0.7 mile; thence, leaving the original boundary line S 40° 00' W, 0.2 mile to a point in the Little Kanawha River; thence, following said River downstream in a westerly direction 2/3 miles; thence, leaving the Little Kanawha River, North 0.7 mile; thence East 2.3 miles to the point of beginning; contained entirely within the Center and Sheridan Districts, Calhoun County, West Virginia; containing an area of 0.9 square mile, more or less, as shown on a Map prepared by J. H. Milam, Inc., entitled "ANNEXATION TO PLEASANT HILL PUBLIC SERVICE DISTRICT, CALHOUN COUNTY, WEST VIRGINIA, May 30, 1973, Scale 1" = 1 mile.

All persons residing in or owning or having any interest in property in the territory of the original boundaries of said Pleasant Hill Public Service District, as well as in the additional territory or area within the foregoing boundaries, are hereby notified that the County Court of Calhoun County will conduct a public hearing on July 7, 1973, at 10:00 A. M. o'clock in the County Courthouse at Grantsville, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for or against the enlargement of said District by embracing therein the additional territory or area described above.

By Order of the County Court this 18th day of June, 1973.

Adopted by the County Court June 18, 1973.

ATTEST:

Lloyd Reed, Clerk s/

Ronald R. Blankenship s/  
President

500 411

A RESOLUTION AND ORDER FIXING A DATE OF HEARING  
ON THE ENLARGEMENT OF THE PLEASANT HILL PUBLIC  
SERVICE DISTRICT OF CALHOUN COUNTY, WEST VIR-  
GINIA, AND PROVIDING FOR THE PUBLICATION OF A  
NOTICE OF SUCH HEARING

Whereas, members of the Board of the Pleasant Hill Public Service District, which District was heretofore created by Order of this court entered November 4, 1968, appeared before the County Court of Calhoun County, West Virginia, requesting the enlargement of said district to include additional territory;

And Whereas, pursuant to the provisions of Article 13 A of Chapter 16 of the West Virginia Code, this County Court, upon its own motion proposing the enlargement of said Pleasant Hill Public Service District to include additional area, is required to fix a date of hearing on such proposed enlargement;

NOW, THEREFORE, Be it, and it is hereby RESOLVED and ORDERED by the County Court of Calhoun County, West Virginia, as follows:

Section 1: That the County Court of Calhoun County, West Virginia, hereby finds and declares that there has been filed in the office of the County Clerk and presented by said County Court Clerk to this Court for the enlargement of the Pleasant Hill Public Service District, which order contains such a description as is sufficient to identify the additional territory or area to be embraced within said Pleasant Hill Public Service District, and said County Court further finds and declares that said order in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

Section 2: That said Order, among other things, states as follows:

(a) The name and corporate title of the public service district to be enlarged is the "Pleasant Hill Public Service District".

(b) The additional territory or area to be embraced within the said public service district is as follows:

BEGINNING at a point on the original boundary line and following said boundary line S 42° 23' W, 0.17 mile;  
thence, leaving the original boundary line S 40° 00' W, 0.2 mile to a point in the Little Kanawha River;  
thence, following said River downstream in a westerly direction 2.3 miles;  
thence, leaving the Little Kanawha River, North 0.7 mile;  
thence East 2.3 miles to the point of beginning, contained entirely within the Center and Sheridan Districts, Calhoun County, West Virginia; containing an area of 0.9 square mile, more or less, as shown on a Map prepared by J. H. Milam, Inc., entitled "ANNEXATION TO PLEASANT HILL PUBLIC SERVICE DISTRICT, CALHOUN COUNTY, WEST VIRGINIA, May 30, 1973, Scale 1" = 1 mile".

(c) The purpose of said Public Service District, as enlarged, shall be to construct, or acquire by purchase or otherwise, and to maintain, operate, improve and extend properties supplying Public Water System and Public Sewerage System within such additional area and also outside such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3: That on July 7, 1973 at the hour of 10:00 o'clock A.M., this County Court shall meet in the Courthouse of said County Court at Grantsville, West Virginia, for the purpose of conducting a public hearing on the enlargement of the Pleasant Hill Public Service District by embracing additional territory to the existing area of said district, at which time and place all persons residing in or owning or having any interest in property in the said public service district as presently constituted, as well as in the additional area proposed to be embraced therein, may appear before the County Court and shall have an opportunity to be heard for or against said proposed enlargement of the said Pleasant Hill Public Service District, and at such hearing, this County Court shall consider and determine the feasibility of the proposed extension of said District.

Section 4: That the County Court Clerk is hereby authorized and directed to cause a notice of such hearing in substantially the form hereinafter set out, to be published the week of June 18, 1973, in The Calhoun Chronicle, a newspaper of general circulation in Calhoun County.

ANNEXATION

TO

PLEASANT HILL PUBLIC SERVICE DISTRICT  
CALHOUN COUNTY, WEST VIRGINIA

BEGINNING at a point on the original boundary line and following said boundary line S.42° 23' W., 0.7 mile;  
THENCE, leaving the original boundary line S. 40° 00' W., 0.2 mile to a point in the Little Kanawha River;  
THENCE, following the said River downstream in a Westerly direction 2.3 miles;  
THENCE, leaving the Little Kanawha River North 0.7 mile;  
THENCE, East 2.3 miles to the Point of BEGINNING,  
contained entirely within the Center and Sheridan District, Calhoun County, West Virginia; (containing an area of 0.9 square mile, more or less,) as shown on a Map prepared by J. H. Milam, Inc., entitled "ANNEXATION TO PLEASANT HILL PUBLIC SERVICE DISTRICT, CALHOUN COUNTY, WEST VIRGINIA, May 30, 1973". Scale 1" = 1 mile.

5/30/73  
JHM 68-10

\* Clerk's memo; map of proposed additional on file with the above in said Clerk's office.

\* \* \* \* \*

It is ORDERED that this Court do adjourn.

Pg 419

APPROVED  
JUL 14 1973  
Ronald R. Blankenship  
PRESIDENT OF COUNTY COURT  
PRESIDENT

The following bills were paid from Calhoun General Hospital Operating Fund:

\_\_\_\_\_  
PRESIDENT

WEST VIRGINIA, TO WIT:

At a Special Session of the County Court of Calhoun County, West Virginia, held at the Courthouse thereof at Grantsville, West Virginia, on the 7th day of July, 1973.

Present: Cecil R. Jarvis and Deward L. Offutt, Commissioners

Absent: Ronald R. Blankenship, President

This being the date fixed by prior action of the County Court for conducting a public hearing in reference to the enlargement of the Pleasant Hill Public Service District, as contemplated and provided in a Resolution and Order adopted by the Court Court on June 18, 1973 Cecil R. Jarvis acting as Chairman in the absence of the President of the court announced that all person residing in or owning or having any interest in property in the territory of the original boundaries of said Pleasant Hill Public Service District, as well as in the additional terrritory or area proposed to be included within said district, who desired to be heard for or against the enlargement of said district by embracing therein the additional territory or area described by metes and bounds in such resolution and order, would be heard, and therupon any and all such interested persons desiring to be heard were given full opportunity to speak for or against the proposed enlargement.

And it appearing that the Notice required by Article 13A of Chapter 16 of the Code of West Virginia, as amended, has been published in the manner and for the time required thereby, and that such notice has also been posted in at least five conspicuous places located within the proposed additional area not less than ten days before this date, the County Court then further discussed the extension or enlargement of said Pleasant Hill Public Service District. Whereupon Deward L. Offutt, Commissioner, introduced and caused to be read a proposed resolution

Flap 26 29  
419

" A RESOLUTION AND ORDER ENLARGING PLEASANT HILL  
PUBLIC SERVICE DISTRICT, IN CALHOUN COUNTY,  
WEST VIRGINIA,"

and moved that such proposed resolution and order be adopted. Cecil R. Jarvis, Commissioner,  
seconded the motion, and after due consideration, the presiding officer put the question  
on the motion and the roll being called, the following voted:

Aye: Two

Nay: None.

Whereupon, the presiding officer declared the motion duly carried and said resolution  
and Order duly adopted.

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It is ORDERED that this Court adjourn.

er

\_\_\_\_\_  
PRESIDENT

# Extension of Pleasant Hill PSD

A motion by Richard Kirby to appoint Hays Haymaker as of June 15, 1988, until the General Election Canvas to replace Glenn Hanlin who resigned as of May 20, 1988. Was seconded by Tony Morgan. Motion was unanimous.

The meeting was adjourned until June 17, 1988.

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

At a continued session of the Calhoun County Commission held at the Courthouse, thereof, Grantsville, West Virginia, on June 17, 1988.

The meeting was called to order by Richard Kirby. Also present were Tony Morgan and Hays Haymaker.

A deligation from the Mt. Zion-Arnoldsburg area was present concerning the Mt. Zion Public Service District request to include a Sewer System within its current boundaries. After much discussion Mr. Hays Haymaker made a motion to add a sewer system within the boundaries of the Mt. Zion Public Service District. Motion was seconded by Mr. Tony Morgan. Motion was unanimous.

A motion by Tony Morgan to deny the request from Allen Parsons requesting Larry Jarvis be bonded to carry a gun was seconded by Hays Haymaker. Motion was unanimous.

A motion by Hays Haymaker to approve the delinquent tax sheets presented by the Sheriff's Office was seconded by Tony Morgan. Motion was unanimous.

A motion by Tony Morgan permitting Richard Kirby to alter the contract with the Calhoun County General Hospital concerning the food and drugs for the prisoners of the Calhoun County Jail.

Was seconded by Hays Haymaker. Motion was unanimous.

THE FOLLOWING BILLS WERE APPROVED AND CONFIRMED BY SAID COMMISSION ON JULY 01, 1988:

GENERAL COUNTY:

10546	WV Association	Dues	\$1,000.00
10547	Radisson Hotel	Assessor/Convention	312.04
10548	Trapuzzano's Uniforms	Boots	121.40
10549	WV Uniforms	paratrooper boot (Ballengee)	82.14
10550	Spencer Business Forms	Supplies/Office	1,098.09
10551	WV Department of Highways	Gasoline	323.49
10552	Bernhardt's Clothes, Inc.	Hat, Chin Strap, Crown Strap	33.60
10553	Law Enforcement Equipment Co.	jarvis Whistle & Chain	13.45
10554	Calhoun County Publishing Co.	Legal Advertisement	1,139.36
10555	Calhoun General Hospital	Prisoners Doctor Bills	217.65
10556	Calhoun Radiologist Association	Prisoners Bills	18.00
10557	Lloyd's Electronics, Inc.	Labor/Service Antenna Repair	171.60
10558	Grantsville Printing	Assessors Office Supplies	449.70
10559	Western Auto	Courthouse Supplies	12.59
10560	Furnace & Fireplace Shop	Repair Work, Jail	68.75
10561	Monongahela Power Company	Utilities	788.30
10562	Pursley's Furniture	Sweeper for jail	118.00
10563	Cabot Corporation	Courthouse Utilities	113.82
10564	Xerox Corporation	Contracted Service	979.50
10565	Calhoun General Hospital	Prisoner Meals	2,880.00
10566	State Tax Department		100.00
10567	The Michie Company	WV CD-Books	356.81
10568	Wirt County Commission	Prisoner feeding & keeping	96.00
10569	District Office Supplies	P.A. Office (Mag Developer)	439.80
10570	Casto & Harris	Office Supplies	290.70
10571	Drakes Auto Sales	Automobile Sevice	302.08
10504	Diskette Connection	Computer Discs	58.80
10520	Grantsville Postmaster	Postage	25.00
10515	Grantsville Postmaster	Postage	64.00
10572	Flinn's Septic Tank Maintenance	Rental Portable Toilets	45.00
10573	Ron Layfield	Travel Expense	44.00
10574	Allen Parsons	Transportation	10.38
10576	Town of Grantsville	Utilities (Library \$27.06)	925.97
10579	Contel	Telephone Bill	478.64
10580	Contel	Telephone Bill	138.22

The meeting was adjourned until July 01, 1988.

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

At a regular session of the Calhoun County Commission held at the Courthouse, Grantsville, on July 01, 1988.

The meeting was called to order by Richard Kirby. Also present was Tony Morgan and Hays Haymaker.

A motion by Tony Morgan to approve the minutes of the last meeting was seconded by Haymaker. Motion was unanimous.

PUBLIC HEARING 07-01-88

A motion by Tony Morgan to approve the Pleasant Hill Service District water line to the Ritchie County Line. Was seconded by Hays Haymaker. Motion was unanimous.

"Woolpert" was willing to look at the Counties' Courthouse building and prepare a study of what would be necessary to make the building handicapped assessable at no cost to the county. but if we would get a grant as a result of their study they are to be paid for their services.

Motion by Larry Cottrell to allow Woolpert to do a study on the County Building, seconded by Hays Haymaker. Motion passed unanimously.

Motion by Hays Haymaker to enter the following Order and Resolution concerning the enlargement of the Pleasant Hill Public Service District, seconded by Larry Cottrell. Motion passed unanimously. Order and Resolution as follows:

*Enlargement*  
A RESOLUTION AND ORDER FIXING A DATE OF HEARING  
ON THE ENLARGEMENT OF THE PLEASANT HILL PUBLIC  
SERVICE DISTRICT OF CALHOUN COUNTY, WEST VIRGINIA,  
AND PROVIDING FOR THE PUBLICATION  
OF A NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16, Section 2, of the West Virginia Code, this County Commission, upon its own motion, proposing the enlargement of said Pleasant Hill Public Service District to include additional area, is required to fix a date of hearing on such proposed enlargement;

NOW, THEREFORE, be it, and it is hereby RESOLVED and

ORDERED by the County Commission of Calhoun County, West Virginia, as follows:

FIRST: That the County Commission of Calhoun County, West Virginia, hereby find and declares that there has been filed in the office of the County Clerk and presented by said County Court Clerk to this Court an Order for the enlargement of the Pleasant Hill Service District, which Order contains such a description as is sufficient to identify the additional territory or area to be embraced within said Pleasant Hill Public Service District, and said County Court finds further and declares that said order in all respects meet the requirements of Article 13A, Chapter 16, Section 2, of the West Virginia Code.

And said Order, among other things, states as follows:

- (a) The name and corporate title of the public service district to be enlarged is the "Pleasant Hill Public Hill Service District".
- (b) The area proposed to be embraced within the said public service district is as follows:

Beginning at a point in the northern boundary of the existing Pleasant Hill Public Service District a point in the Calhoun County and Ritchie County boundary, said point having an approximate location of 81-06-36 West Longitude and 39-01-41 North Latitude, thence with the existing boundary for 12 courses

Southerly	2,000 feet more or less, thence
Easterly	7,500 feet more or less, thence
South	1.44 miles more or less, thence
S6E-40E	0.70 miles more or less, thence
S2E-50E	0.80 miles more or less, thence
West	1.59 miles more or less, thence
South	0.55 miles more or less, thence
East	1.63 miles more or less, thence
South	0.92 miles more or less, thence
S47-37W	0.94 miles more or less, thence
West	2.3 miles more or less, thence
South	0.7 miles more or less, to a point in the Little Kanawha River, thence leaving the river and the existing Pleasant Hill Public Service District boundary
South	0.5 miles more or less, thence
Westerly	8.0 miles more or less, to a point in the West Fork of the Little Kanawha River, a common boundary to Calhoun County and Wirt County, thence with said boundary and downstream with the West Fork of the Little Kanawha River.

Northerly 1.0 miles more or less, thence leaving the West Fork of the Little Kanawha River with the Wirt County and Calhoun County Boundary

N45-E 8.7 miles more or less, to a point in the Ritchie County, Wirt County and Calhoun County boundary, thence with the ridge and the Ritchie County and Calhoun County boundary situated in Sheridan District, Center District and Lee District of Calhoun County, West Virginia.

- (c) The purpose of said Public Service District, as enlarged, shall be to construct or acquire by purchase or otherwise, and to maintain, operate, improve and extend properties supplying public water system and public sewerage system within such additional area and also outside such territory to the extent permitted by law.
- (d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A, of Chapter 16, of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

THIRD: That on April 27, 1993, at the hour of 7:30 o'clock p.m., this County Commission shall meet in the Courthouse of said County at Grantsville, West Virginia, for the purpose of conducting a public hearing on the enlargement of the Pleasant Hill Public Service District by embracing additional territory to the existing area of said District, at which time and place all persons residing in or owning or having any interest in property in the said public service district as presently constituted, as well as in the additional area proposed to be embraced therein, may appear before the Commission and shall have an opportunity to be heard for or against said proposed enlargement of the said Pleasant Hill Public Service District, and at such hearing, this County Commission shall consider and determine the feasibility of the proposed extension of said District.

FOURTH: That the Clerk of the Commission is hereby authorized and directed to cause a notice of such hearing in conformity with the provisions of the West Virginia Code to be published in the official newspaper of said County.

The Commission reviewed a letter concerning Logan County changing Waste Shed areas and the Commission decided to turn it over to the County Solid Waste Authority for comments.

The sewer line at Arnoldsburg was discussed and the Commission decided to hold a meeting at Arnoldsburg on April 19, 1993 at 7:30 pm in the Fire Hall.

Motion by Hays Haymaker to approve the Bonds, Bills, Orders, Settlements and Wills as presented by the County Clerk Richard Kirby, seconded by Larry Coitrell. Motion passed unanimously.

Meeting adjourned at 11:00 a.m. until April 19, 1993 at 7:30 p.m. at the Arnoldsburg Fire Hall.

The meeting of the Calhoun County Commission was called to order by President Willis L. Gainer at 7:30 pm on April 27, 1993. Commissioner Larry Cottrell and Clerk Richard Kirby were present. Commissioner Rue Hays Haymaker was absent.

Others present were Sheriff William Stemple, Lorentz Hamilton, Jeffro Marks, Laura Marks and Barbara Cain.

The hearing was held to allow the general public to comment on the enlargement of the Pleasant Hill Public Service District.

Lorentz C. Hamilton, Attorney for the Pleasant Hill Public Service District was present and stated that the District had a grant to extend a water line to Big Bend, but without the enlargement of the District the line could not be extended.

Jeffro Marks, Laura Marks and Barbara Cain were present to support the enlargement of the Pleasant Hill Public Service District, because they lived in the Big Bend area and were in need of the public water system.

Motion by Larry Cottrell to enter the following Order, enlarging the Pleasant Hill Public Service District, seconded by Willis Gainer. Motion passed unanimously.

#### O. R. D. E. R

The Calhoun County Commission by its own motion does hereby Order the enlargement of the Pleasant Hill Public Service District by embracing additional territory within its area, for the purpose of construction or acquisition by purchase or otherwise, and of the maintenance operation improvement and extension of public service properties supplying Public Water Services and Public Sewerage Services within said District as enlarged and also outside the same to the extent permitted by law, which additional territory or area to be embraced within the enlarged Pleasant Hill Public Service District shall be bounded as follows, to-wit:

Starting at a point in the northern boundary of the Pleasant Hill Public Service District a point in the Calhoun County and Ritchie County boundary, said point having an approximate location of 81-06-36 West Longitude and 39-01-41 North Latitude, thence with the existing boundary for 12 courses

Southerly	8,000 feet more or less, thence
Easterly	7,500 feet more or less, thence
South	1.44 miles more or less, thence
S65-40E	0.70 miles more or less, thence

S22-50E	0.80 miles more or less, thence
West	1.59 miles more or less, thence
South	0.55 miles more or less, thence
East	1.63 miles more or less, thence
South	0.92 miles more or less, thence
S47-37W	0.94 miles more or less, thence
West	2.3 miles more or less, thence
South	0.7 miles more or less, to a point in the Little

Kanawha River, thence leaving the river and the existing Pleasant Hill Public Service District boundary

South	0.5 miles more or less, thence
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Westerly 8.0 miles more or less, to a point in the West Fork of the Little Kanawha River, a common boundary to Calhoun County and Wirt County, thence with said boundary and downstream with the West Fork of the Little Kanawha River.

Northerly 1.0 miles more or less, thence leaving the West Fork of the Little Kanawha River with the Wirt County and Calhoun County boundary

016 5A

N45-E 8.7 miles more or less, to a point in the Ritchie County, Wirt County and Calhoun County boundary, thence with the ridge and the Ritchie County and Calhoun County boundary Easterly 4.73 miles more or less to the point of beginning containing 53.31 square miles more or less, said area being situated in Sheridan District, Center District and Lee District of Calhoun County, West Virginia.

The Commission hereby declares that at the regular meeting of the Calhoun County Commission held on April 03, 1993 an Order was entered concerning the above enlargement, that a hearing date was set for April 27, 1993, that notice was advertised in a Class I legal advertisement in the Calhoun County Chronicle and the Ritchie Gazette, that there were notices posted in at least five (5) conspicuous places and that a hearing was held on April 27, 1993, thus this Order is entered.

/s/ Willis L. Gainer  
Commissioner

/s/ Larry Cottrell  
Commissioner

The meeting was adjourned at 7:40 pm until May 01, 1993 at 9:30 am

APPROVED BY:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THE FOLLOWING BILLS PAID, BUT NOT APPROVED, WERE APPROVED AND CONFIRMED AT THE APRIL 13, 1993 COMMISSION MEETING:

GENERAL COUNTY

Bill No.	Description	Account No.	Amount	Total
17336	ProCom, Inc.	402-11	10.50	88.25
		403-11	21.55	
		404-11	24.46	
		405-11	6.66	
		406-11	19.31	
		419-11	12.68	
17340	Regional Jail	460-44		2097.50
17341	Stamped Envelope Unit	404-11	15.00	160.00
		404-18	145.00	
17362	Calhoun County Bank	941 Taxes		3217.66
17363	AFLAC	Premiums		28.50
17364	WV PEIA	Insurance		4501.92
17365	State Tax Commissioner	401-24		2983.00
17366	Equitable Life	Premiums		66.50
17367	Grantsville Postmaster	405-18		29.00
17368	Grantsville Postmaster	403-18		80.00
17389	Westfield Life	Premiums		31.96

July 22, 1993

200x 016 85

The meeting of the Calhoun County Commission was called to order by Commission President Willis L. Gainer at 10:00 a.m. on July 22, 1993. Commissioners Rue Hays Haymaker and Larry Cottrell were present as well as Clerk Richard Kirby.

The reason for the meeting being so the Commissioners could enter the proper Orders to enlarge the Pleasant Hill Public Service District and the Mt. Zion Public Service District, so the County would be completely covered by a Public Service District or Corporation. The orders were entered at the June 22, 1993 meeting, but the State Code states that the hearing must be within Forty Days (40) of the order being entered and the order was entered on June 22, 1993 did not meet that requirement.

Motion by Hays Haymaker to enter the following orders concerning the enlargement of the Mt. Zion Public Service District and the Pleasant Hill Public Service District, seconded by Larry Cottrell. Motion passed unanimously.

The meeting adjourned at 10:15 a.m. on July 22, 1993 until August 7, 1993 at 9:00 a.m.

APPROVED BY:

Willis L. Gainer  
Hays Haymaker  
Larry Cottrell

NOTICE  
OF PUBLIC HEARING ON  
ENLARGEMENT OF  
PLEASANT HILL  
PUBLIC SERVICE DISTRICT

Notice is hereby given that the Calhoun County Commission by its own motion has proposed the enlargement of the Pleasant Hill Public Service District by embracing additional territory within its area, for the purpose of construction or acquisition by purchase or otherwise, and of the maintenance operation improvement and extension of public service properties supplying Public Water Services and Public Sewerage Services within said District as enlarged and also outside the same to the extent permitted by law, which additional territory or area to be embraced within the existing Pleasant Hill Service District will be bounded and described as follow, to-wit:

Beginning at a point in the Roane County line where Henry's Fork and the West Fork of the Little Kanawha River intersect a corner to the Mt. Zion Public Service District, thence with the Roane County line and the West Fork of the Little Kanawha River.

Northerly 10 ± miles to a point, a corner to Wirt County and a proposed area to become a part of the Pleasant Hill Service District, thence with the proposed area, for two courses

Easterly 8 ± miles to a point, thence

Northerly 0.5 ± miles to a point, in the Little Kanawha River, a corner to the Pleasant Hill Public Service District, thence up the river with Pleasant Hill Public Service District

Easterly 2.3 ± miles to a point in Town of Grantsville Corporation line, thence with the Corporation line

Southerly 3,000 ± feet to a point a corner to the Mt. Zion Public Service District, thence with the Mt. Zion Public Service District

Southwesterly 24,350 ± feet to the beginning containing a part of Lee District and Center District.

ENLARGEMENT AREA TWO (2)

Beginning at a point in the Gilmer County line a corner to the Pleasant Hill Public Service District, thence with the Gilmer County line

Southerly 43,200 ± feet to a point in the Little Kanawha River, a corner to an area to be part of the Mt. Zion Public Service District, thence down the river with the proposed area

Southwesterly 32,200 ± feet to a point at the intersection of Steer Creek and the Little Kanawha River, a corner to the Mt. Zion Public Service District, thence down the river with the Mt. Zion Public Service District

Northwesterly 12,500 ± feet to a point corner to the Pleasant Hill Public Service District, thence with the Pleasant Hill Public Service District for six (6) courses and down the river

Northerly 0.90 ± miles to a point, thence leaving the river

North 1.05 ± miles, thence

N 48 - 10 E 2.27 ± miles, thence

North 2.04 ± miles, thence

N 57 - 25 E 0.82 ± miles to a point, thence

Northerly 0.25 ± miles to the beginning, containing a part of Sherman District

ENLARGEMENT AREA THREE (3)

Beginning at a point in the Gilmer County line, a corner to the Pleasant Hill Public Service District, thence with the Pleasant Hill Public Service District for three courses

West 1.84 ± miles to a point, thence

N 23 - 35 W 1.36 ± miles to a point, thence

Northerly 1,600 feet to a point in the Ritchie County line, thence with the Ritchie County line

Easterly 16,800 ± feet to a point, a corner to Gilmer County, thence with the Gilmer County line

Southerly 10,000 ± feet to the beginning containing a part of Sherman District

All persons residing in or owning or having any interest in property in the territory of the present boundaries of the Pleasant Hill Public Service District as well as in the additional territory or areas within the foregoing boundaries, are hereby notified that the County Commission of Calhoun County will conduct a public hearing on August 24, 1993 at 8:00 p.m. o'clock in the Courtroom of the Calhoun County Courthouse in Grantsville, West Virginia at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for or against the enlargement of said District by embracing thence in the additional territory or areas described above

By Order of the County Commission, this 22nd day of July, 1993.

Adopted by the County Commission July 22, 1993.

Richard Kirby, County Clerk  
Calhoun County Commission

Enlargement of PHPSD  
CALHOUN COUNTY COMMISSION MEETING

July 22, 1993

The meeting of the Calhoun County Commission was called to order by Commission President Willis L. Gainer at 10:00 a.m. on July 22, 1993. Commissioners Rue Hays Haymaker and Larry Cottrell were present as well as Clerk Richard Kirby.

The reason for the meeting being so the Commissioners could enter the proper Orders to enlarge the Pleasant Hill Public Service District and the Mt. Zion Public Service District, so the County would be completely covered by a Public Service District or Corporation. The orders were entered at the June 22, 1993 meeting, but the State Code states that the hearing must be within Forty Days (40) of the order being entered and the order was entered on June 22, 1993 did not meet that requirement.

Motion by Hays Haymaker to enter the following orders concerning the enlargement of the Mt. Zion Public Service District and the Pleasant Hill Public Service District, seconded by Larry Cottrell. Motion passed unanimously.

O R D E R

NOTICE  
OF PUBLIC HEARING ON  
ENLARGEMENT OF  
PLEASANT HILL  
PUBLIC SERVICE DISTRICT

Notice is hereby given that the Calhoun County Commission by its own motion has proposed the enlargement of the Pleasant Hill Public Service District by embracing additional territory within its area, for the purpose of construction or acquisition by purchase or otherwise, and of the maintenance operation improvement and extension of public service properties supplying Public Water Services and Public Sewerage Services within said District as enlarged and also outside the same to the extent permitted by law, which additional territory or area to be embraced within the existing Pleasant Hill Service District will be bounded and described as follow, to-wit:

ENLARGEMENT AREA ONE (1)

Beginning at a point in the Roane County line where Henry's Fork and the West Fork of the Little Kanawha River intersect a corner to the Mt. Zion Public Service District, thence with the Roane County line and the West Fork of the Little Kanawha River.

Northerly 10 ± miles to a point, a corner to Wirt County and a proposed area to become a part of the Pleasant Hill Service District, thence with the proposed area, for two courses

Easterly 8 ± miles to a point, thence

Northerly 0.5 ± miles to a point, in the Little Kanawha River, a corner to the Pleasant Hill Public Service District, thence up the river with Pleasant Hill Public Service District

Easterly 2.3 ± miles to a point in Town of Grantsville Corporation line, thence with the Corporation line

Southerly 3,000 ± feet to a point a corner to the Mt. Zion Public Service District, thence with the Mt. Zion Public Service District

Southwesterly 24,350 ± feet to the beginning containing a part of Lee District and Center District.

ENLARGEMENT AREA TWO (2)

Beginning at a point in the Gilmer County line a corner to the Pleasant Hill Public Service District, thence with the Gilmer County line

Southerly 43,200 ± feet to a point in the Little Kanawha River, a corner to an area to be part of the Mt. Zion Public Service District, thence down the river with the proposed area

Southwesterly 32,200 ± feet to a point at the intersection of Steer Creek and the Little Kanawha River, a corner to the Mt. Zion Public Service District, thence down the river with the Mt. Zion Public Service District

Northwesterly 12,500 ± feet to a point corner to the Pleasant Hill Public Service District, thence with the Pleasant Hill Public Service District for six (6) courses and down the river

Northerly 0.90 ± miles to a point, thence leaving the river

North 1.05 ± miles, thence

N 48 - 10 E 2.27 ± miles, thence

North 2.04 ± miles, thence

N 57 - 25 E 0.82 ± miles to a point, thence

Northerly 0.25 ± miles to the beginning, containing a part of Sherman District

ENLARGEMENT AREA THREE (3)

Beginning at a point in the Gilmer County line, a corner to the Pleasant Hill Public Service District, thence with the Pleasant Hill Public Service District for three courses

West 1.84 ± miles to a point, thence

N 23 - 35 W 1.36 ± miles to a point, thence

Northerly 1,600 feet to a point in the Ritchie County line, thence with the Ritchie County line

Easterly 16,800 ± feet to a point, a corner to Gilmer County, thence with the Gilmer County line

Southerly 10,000 ± feet to the beginning containing a part of Sherman District

All persons residing in or owning or having any interest in property in the territory of the present boundaries of the Pleasant Hill Public Service District as well as in the additional territory or areas within the foregoing boundaries, are hereby notified that the County Commission of Calhoun County will conduct a public hearing on August 24, 1993 at 8:00 p.m. o'clock in the Courtroom of the Calhoun County Courthouse in Grantsville, West Virginia at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for or against the enlargement of said District by embracing thence in the additional territory or areas described above

By Order of the County Commission, this 22nd day of July, 1993.

Adopted by the County Commission July 22, 1993.

/s/ Richard Kirby

Richard Kirby, County Clerk  
Calhoun County Commission

ORDER

At a regular session of the Calhoun County Commission, held on the 24 day of August, 1993, the following ORDER was made and entered:

SUBJECT: The revision of the General County Budget of 1993-1994.

The following resolution was offered by Hays Haymaker:

RESOLVED: That subject of approval of the State Tax Commissioner (as required), the Calhoun County Commission does hereby direct that the budget be revised prior to expenditure or obligation of funds for which no appropriation or insufficient appropriation currently exists, as shown on budget revision number 3, a copy of which is entered as part of this record.

The adoption of the foregoing resolution having been moved by Hays Haymaker and duly seconded by Larry Cottrell the vote thereon was as follows:

Hays Haymaker	Yes
Larry Cottrell	Yes
Willis L. Gainer	Yes

Whereupon, Willis Gainer, declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that said resolution be, and the same is hereby adopted as so stated above and the President, Willis Gainer is authorized to fix his signature on the attached "Request for Revision to Approved Budget" to be sent to the State Tax Commissioner for approval.

*Willis L. Gainer*  
 \_\_\_\_\_  
*Hays Haymaker*  
 \_\_\_\_\_  
*Larry Cottrell*  
 \_\_\_\_\_

At 8:00 p.m. the Commission held a hearing concerning the enlargement of the Pleasant Hill and Mt. Zion Public Service Districts and no one was present to offer any comments.

Motion by Hays Haymaker to enter the following Order concerning the enlargement of the Mt. Zion Public Service District and the Pleasant Hill Public Service District, seconded by Larry Cottrell. Motion passed unanimously.

The Calhoun County Commission by its own motion has adopted the enlargement plan for the Pleasant Hill Public Service District by embracing additional territory within its area, for the purpose of construction or acquisition by purchase or otherwise, and of the maintenance, operation, improvement and extension of public service properties, supplying Public Water Services and Public Sewerage Services within said District as enlarged and also outside the same to the extent permitted by law, which additional territory or area to be embraced within the existing Pleasant Hill Service District will be bounded and described as follows, to-wit:

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# **CALHOUN COUNTY COMMISSION MEETING JUNE 13, 2012**

- **The meeting of June 13, 2012 was called to order by Commission President Kevin Helmick at 9:05 a.m.**
- **Those attending were Robin Gordon, Kathryn Mullens, Ted Hall, Jessie Hall, Nancy Thompson, Judy Feller, Sue Jordan, Sheila Garretson, Curtis Garretson, Kathy Wood, Diane Ludwig, Andy Walker.**
- **A motion was made by Commissioner Weaver to approve minutes of the May 16, 2012 meeting, seconded by Commissioner Westfall, motion approved unanimously.**
- **Cleo Jack Hall Fiduciary Hearing: Attorney's for Teddy Hall requested a postponement of the case until a hearing is held on August 8, 2012 in Ohio. The commission agreed with the attorney to postpone and place the matter on the August agenda. Motion by Robert Weaver, seconded by Scottie Westfall motion passed unanimously.**
- **E-911: Kathy Wood, E-911 Director requested the commission to remove Tina Hart as Flood Plain coordinator due to her resignation. Motion by Commissioner Weaver, seconded by Commissioner Westfall, motion passed unanimously. Kathy Wood asked to hire Gary Buchannon as a temporary part-time employee. Buchannon resigned the**

same position in December, 2011. Motion by Robert Weaver, seconded by Scottie Westfall, motion passed unanimously.

- **Sue Jordan:** Sue Jordan addressed the commission regarding Animal Abuse and Neglect in and around Grantsville. She stated calls to E-911, the town etc have gone without any action. She mentioned money in the Dog Tax fund at which Commissioner informed her that fund is for farm animals killed. Commissioner Weaver asked her to put her concerns in writing to be addressed by the commission.
- **Curtis Garretson:** Garretson stated that many County employees have no designated parking while at work. He would like to seed parking spaces provided for the employees. No action taken.
- **West Virginia Counties Risk Pool Insurance:** A quote for the upcoming year was presented for property and liability coverage, Commissioner Weaver made a motion to renew the policy, seconded by Commissioner Westfall, motion passed unanimously.
- **County Park:** Request from the park board to install Peter Cobbett and J.D. Smith to the board. Motion by Commissioner Westfall, seconded by Commissioner Weaver, motion passed unanimously.
- **Trash service at Wayne Underwood Field:** The commission must pay to have the dumpster at Wayne Underwood dumped by Waste Management since the Town of Grantsville is no longer providing trash service. The monthly cost is \$85.00, but asked the County Clerk to check on pricing to dump on and as needed basis.
- **Delegations:** None

- **Appointments to Boards and Authorities:** Bob Beall, a member of the Pleasant Hill PSD, requested to have his position renewed. Commissioner Weaver made a motion to re-install him as a board member, seconded by Commissioner Westfall, motion passed unanimously.
- **MOVRC:** Bob Leach from MOVRC requested a final performance report for the Mt. Zion Public Service District in order to close out the Small Cities Grant. He stated that approximately \$300,000 is left in the project. Motion by Commissioner Weaver to approve the request, seconded by Commissioner Westfall, motion passed unanimously.
- **Mayor Curtis Garretson:** Mayor Garretson stated that several pipeline workers have requested permission to park their campers while working in the area on the property where the former swimming pool was located. The commission instructed Garretson to talk to Gary Buchannon to determine who owns that property.
- **Diane Ludwig, LKADC:** Ludwig reported that installation of the gas line at the industrial park was scheduled to have started on May 28, 2012 but has not been started to date. The contractor stated he had run late on some projects and has been unable to start. Ludwig reported that the bid process on repairing the courthouse roof will be ready by the end of the month.
- **LKRCD:** a request from LKRCD of an additional \$500 was received by the commission. The request was tabled with no action taken.

# CALHOUN COUNTY COMMISSION

## MEETING JULY 11, 2012

- The meeting of the Calhoun County Commission was called to order by Commission President Kevin Helmick at 9:00 a.m.
- Those attending, Judy Powell, Sheila Garretson, Kathy Wood, Jason Nettles, Robin Gordon, Paul Miller, Policy Outreach WV Center on Budget, Trevia Fulks, Diane Ludwig, Curtis Garretson, and Mike Ritchie.
- A motion was made by Commissioner Weaver to approve minutes of the June 13, 2012 meeting, seconded by Commissioner Westfall, motion passed unanimously.
- Commissioner Weaver presented a Resolution to recognize Kathy Wood, E-911 Director, for her efforts during the county wide power outage due to a severe wind storm on June 29, 2012. Weaver presented a second Resolution to recognize the Emergency Responders, National Guard and volunteers who put in many long hours providing necessary help to citizens of Calhoun County.
- Paul Miller, Policy Outreach, WV Center on Budget Policy, described the concept of revenue from the new Marcellus Gas being invested into a Mineral Trust Fund. The trust would invest 25% for 20 years, then allocate only the interest from the fund, leaving the principal to earn more interest. Miller left a power point for the commission to look at and consider passing a resolution to support Legislation to create the trust fund.
- County Clerk Mike Ritchie presented the commission with a renewal notice for West Virginia Counties Risk Pool (WVCORP) who provides property and liability coverage for the county. Commissioner Weaver asked why the premium had increased over last year. Ritchie explained that in 2010, an insurance audit determined that replacement cost to replace buildings was insufficient. The commission at that time approved to increase the coverage for buildings to approximately 6 million dollars. Commissioner Weaver made a motion to renew

- coverage with WVCORP, the motion was seconded by Commissioner Westfall, motion passed unanimously.
- **Brickstreet Policy:** Commissioner Weaver made a motion to renew worker compensation with Brickstreet, motion seconded by Commissioner Westfall, motion passed unanimously.
  - **Mid Ohio Valley Regional Council:** Commissioner Weaver made a motion to pay the annual Local assessments for Federal Programs and Contingencies for the Council's Work Program. The motion was seconded by Commissioner Westfall, motion passed unanimously.
  - **Little Kanawha Resource Conservation & Development Council membership:** The commission tabled the request.
  - **Magistrate Offices to connect to the generator:** Magistrate Postalwait requested for the Magistrate offices to be connected to the courthouse generator to provide power during an outage. He explained that it could save the Sheriff department from having to transport prisoners for hearings that can be done on line. The commission instructed the County Clerk to request an estimate for the project.
  - **Assessor's Budget:** It was discovered that Contract Service Line Item 230 was inadvertently left off the Assessor's budget for 2012 – 2013. The line item pays for internet service to the courthouse. A motion by Commissioner Westfall to put \$5,000 into Line Item 230 from capital outlay, seconded by Commissioner Weaver, motion passed unanimously.
  - **Judy Powell, Wood Festival Committee** asked the commission for financial help with upkeep of the Wayne Underwood Field. A motion was made by Commissioner Weaver, seconded by Commissioner Westfall to give the committee \$1,000 from capital outlay.
  - **Diane Ludwig, LKADC:** Ludwig reported that paperwork for Historical Buildings had been completed for repairs to the courthouse and presented a Class II Legal Ad for bids to do the roof repairs. Bid specifications will be presented at a mandatory pre-bid conference to be held on July 26, 2012 at 2:00 p.m. at the courthouse. Bids will be opened at the Commission meeting on August 8, 2012 at 11:00 a.m.

- Kathy Wood, E-911 Director reported on activity at the center during the June 29 storm that left most of the county without power, phone and water in some areas. She praised the coordination with National Guard, E-911 and volunteers that spent long hours to provide as much care as possible for Calhoun Citizens. MRE's, meals ready to eat and cases of water were delivered to many households. The commission approved for Kathy to be paid overtime for the hours she worked during the disaster. Kathy told the commission to give her receipts for diesel fuel for the courthouse generator, as she might be able to have it paid for.
- Pleasant Hill Public Service District: A motion was made by Commissioner Westfall to approve Dale Cunningham and Perry Dye to the board, seconded by Commissioner Weaver, motion passed unanimously.
- Building Commission: The County Clerk reported that the Building Commission currently has three members, Randy Ball, Judy Powell and Bill Jarvis. Bill has asked to find a replacement for him as soon as possible so he can resign.
- Commissioner Westfall reported that he had talked to Ora Ash in the State Auditor's Office about money being kept in the Regional Fund and used for other purposes. Ash suggested using Line Item 699, Contingency Fund and money would be accessible easier for other purposes.
- Bandy Case: Commissioner Westfall made a motion to make a final payment of \$20,000 to John Teare the attorney in the Bandy case. A budget revision from Regional Jail to 699 Contingency Fund to make the payment. The commission was ordered to pay legal expenses for Deputy Bandy. Commissioner Weaver seconded the motion, motion passed unanimously.
- Fiduciary Estate Appointments: None
- Bills, Bonds, Wills, and Settlements: Motion by Commissioner Weaver to approve as presented, seconded by Commissioner Westfall, motion passed unanimously.
- Circuit Clerk Sheila Garretson: Garretson asked to move her second employee, currently working 32.5 hours per week to full time.

March 9, 2009

- 8. Harold Carpenter
- 9. Derek Wright
- 10. Gary Buchanan
- 11. Ronald Blankenship
- 12. Justin Smith
- 13. Thomas Fox
- 14. Jerry Riggs

The motion was seconded by Kevin Helmick. The motion passed unanimously.

Motion by Scottie Westfall II to accept the resignation of Marvin Stemple from the Calhoun County Local Emergency Planning Committee, the motion was seconded by Kevin Helmick. The motion passed unanimously.

Motion by Kevin Helmick to appoint Dale Cunningham to the Pleasant Hill Public Service District Board for a six year term, the motion was seconded by Scottie Westfall II. The motion passed unanimously.

**BUDGET ITEMS**

The Commission reviewed the Budget Control Report as presented by the Clerk for the period ending February 28<sup>th</sup>, 2009. The Clerk stated that no revisions were needed at this time. Except there is a request from the Circuit Clerk.

The Commission reviewed a letter from Sheila Garretson concerning the revision of her budget by taking \$360 from record books and placing it in supplies.

Motion by Scottie Westfall II to approve the budget request of the Circuit Clerk, Shelia Garretson to move \$360.00 from the record books account 342 to the supplies account 341, the motion was seconded by Kevin Helmick. The motion passed unanimously.

**Employment Items**

The Commission discussed the idea of combining some of the jobs concerning the following;

- a. Office of Emergency Services
- b. E-911 Director
- c. Flood Plain Manager
- d. E-911 Addressing Manager

Presently Gary Buchanan is all but the OES Director and he is planning on terminating his employment on a full time basis since most of the E-911 Addressing is complete.

Mr. Buchanan suggested that two positions be created

- 1. Office of Emergency Services Director and the E-911 Director be one full time position.
- 2. The Flood Plain Manager and the E-911 Addressing Manager could be one part time position since the addressing part would just be for new residents and changes.

The Commission asked Mr. Buchanan to prepare a job description for the foregoing positions and the Commission may try to put these in effect in July, 2009.

Motion by Robert Weaver to accept the resignation of Terry Dye from the Pleasant Hill Public Service District Board effective 3/19/04, the motion was seconded by Rick Sampson. The motion passed unanimously.

Motion by Robert Weaver to appoint Perry Dye to the unexpired term of Terry Dye on the Pleasant Hill Public Service District Board as requested by the board, the motion was seconded by Rick Sampson. The motion passed unanimously.

Motion by Robert Weaver to appoint Jason Nettles to the Blue and Gray Intermodel Highway Committee, the motion was seconded by Rick Sampson. The motion passed unanimously.

Motion by Rick Sampson to re-appoint the following people to the Little Kanawha River Parkway Authority;

- |    |              |             |           |
|----|--------------|-------------|-----------|
| a. | Robert Bonar | term ending | 6/30/2005 |
| b. | Danny Law    | term ending | 6/30/2006 |
| c. | Dan McDonald | term ending | 6/30/2007 |

The motion was seconded by Robert Weaver, the motion passed unanimously.

The Commission discussed various grants and the Clerk, Richard Kirby stated that he had not received any information on the budget digest grants from last year, \$40,000 for computers and \$5,000 for the Upper West Fork Park.

The Commission discussed applying for a grant through the Small Cities Block Grant Program for an elevator for the Courthouse.

Larry McCallister agreed to attend a meeting on April 17<sup>th</sup> concerning the trail grant for the Wayne Underwood Field in Charleston.

Diane Ludwig, Director of the Little Kanawha Area Development Corporation was present to report on the activities of the group, she stated that the prisoners from St Mary's did a good job cleaning out the NYA Building and that two dumpsters were filled. The Commission decided to use the remaining money to replace the ceiling tile that was damaged in the building.

Ms. Ludwig also asked that the Commission pass a resolution making her group the lead group in the county.

Motion by Rick Sampson to adopt the following resolution concerning the Little Kanawha Area Development Corporation, the motion was seconded by Robert Weaver. The motion passed unanimously.

## WEST VIRGINIA

### CERTIFIED DEVELOPMENT COMMUNITY (CDC)

#### PROGRAM

##### Resolution of Participation and Cooperation

**WHEREAS**, the governing body of **CALHOUN COUNTY** is interested in the economic well-being of its citizenry and the community at-large; and,

**WHEREAS**, the governing body is prepared to support appropriate efforts within the community to become totally prepared to promote economic development; and,

**WHEREAS**, the West Virginia Development Office offers a program that is specially designed to help West Virginia communities fund local economic development; organizations and,



# OATH

STATE OF WEST VIRGINIA, COUNTY OF CALHOUN ss:

I, Robert Beall, do solemnly swear that I will support the constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge my duties as a member of the Pleasant Hill Public Service District of the County of Calhoun, State of West Virginia to the best of my skill and judgement, SO HELP ME GOD.

Signed: Robert Beall

Robert Beall

Subscribed and sworn to before the undersigned, this the 14th day of June, 2012.

Michael D. Ritchie

Michael D. Ritchie, County Clerk

# OATH

**STATE OF WEST VIRGINIA, COUNTY OF CALHOUN ss:**

I, Dale Cunningham, do solemnly swear that I will support the constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge my duties as a member of Pleasant Hill Public Service District, County of Calhoun, State of West Virginia to the best of my skill and judgement, SO HELP ME GOD.

Signed: Dale Cunningham  
Dale Cunningham

Subscribed and sworn to before the undersigned, this the 12th day of July, 2012.

Michael D. Ritchie  
Michael D. Ritchie, County Clerk

# OATH

**STATE OF WEST VIRGINIA, COUNTY OF CALHOUN ss:**

I, Perry Dye, do solemnly swear that I will support the constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge my duties as a member of Pleasant Hill Public Service District, County of Calhoun, State of West Virginia to the best of my skill and judgement, SO HELP ME GOD.

Signed: \_\_\_\_\_

*Perry Dye*

Perry Dye

Subscribed and sworn to before the undersigned, this the 12th day of July, 2012.

*Michael Ritchie*

Michael D. Ritchie, County Clerk

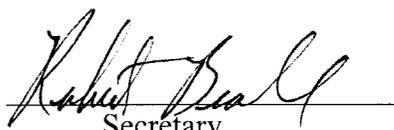


## CERTIFICATION

I, Robert Beall, Secretary of the Public Service Board of the Pleasant Hill Public Service District, hereby certify that the foregoing is a true and correct copy of the Rules of Procedure of said Public Service Board. I further certify that such Rules of Procedure remain in full force and effect and have not been amended or repealed, except as noted below:

1. Regular monthly meetings of the Public Service Board are held on the second Thursday of each month; and
2. Meetings of the Public Service Board are held at the District's office at 122 Noble Road, Big Bend (Five Forks), WV 26136.

WITNESS my signature as of the 28<sup>th</sup> day of June, 2012.

  
Secretary

**NO. 5. RULES OF PROCEDURE**  
**PLEASANT HILL PSD**

PLEASANT HILL PUBLIC SERVICE DISTRICT

Minutes of Regular Meeting of Pleasant Hill Public Service District:

On the 7th day of March, 1973, at 7:00 P. M., at Grantsville, West Virginia, the members of the Board of the Pleasant Hill Public Service District met.

Present were: William B. Morrison, Chairman; Bernard Siers, Secretary; and, Gary L. Campbell, Treasurer. The chairman declared a quorum to be present and called the meeting to order.

The chairman announced that bond counsel for the District has called attention to the fact that under Section 9, Article 13A of Chapter 16 of the Code of West Virginia, the Board has the power to make, enact and enforce all needful rules and regulations in relation to its own operation, including the time and place of its meetings and manner in which special meetings are called.

Thereupon, the following Resolution prepared by the Board's attorney was read in full, and after consideration of the same, a vote was taken and such resolution was unanimously adopted:

**RESOLUTION ESTABLISHING RULES OF PROCEDURE FOR  
PLEASANT HILL PUBLIC SERVICE DISTRICT,  
FIXING THE TIME AND PLACE OF MEETINGS THEREOF  
AND THE MANNER IN WHICH SPECIAL MEETINGS MAY BE CALLED**

BE IT RESOLVED:

That the rules of procedure of the Public Service Board of Pleasant Hill Public Service District, Calhoun County, West Virginia, shall be:

Section 1. Regular meetings of the Public Service Board of Pleasant Hill Public Service District shall be held without notice at Grantsville, West Virginia, on the second Wednesday of each month at 7:00 o'clock P. M., unless the same shall be a legal holiday, in which event the monthly meeting shall be held on the next succeeding secular day.

Section 2. The first regular meeting in January of each year shall be and constitute the annual organizational meeting, at which time a Chairman shall be selected from amongst the members of the Board, and a Secretary and Treasurer shall be appointed.

Section 3. The Chairman of the Public Service Board may, when he deems it expedient, and shall, upon the written request of two members of the Board call a special meeting of the Board for the purpose of transacting any business designated in the call. The call for a special meeting may be delivered to each member of the Board or may be mailed to the business or home address of each member of the Board at least two days prior to the date of such special meeting. At such special meeting no business shall be considered other than that designated in the call, but if all the members of the Board are present at a special meeting, any and all business may be transacted at the said special meeting.

Section 4. A majority of the members of the Board shall constitute a quorum for the purpose of conducting the business and exercising the powers of the District and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by the Board upon a vote of the majority of the members of said Board.

Section 5. At the regular meetings of the Board, the order of business shall be as follows:

1. Roll call
2. Reading and approval of the Minutes of the previous meeting.
3. Bills and Communications
4. Report of the Secretary and Treasurer
5. Reports of Committees
6. Unfinished Business
7. New Business
8. Adjournment

Section 6. All resolutions shall be in writing and shall be copied in a journal of the proceedings of the Board, and the voting on all questions coming before the Board shall be by roll call and the Ayes and Nays shall be entered upon the minutes of such meeting.

CERTIFICATE

The undersigned, who is the duly qualified and acting secretary of the Pleasant Hill Public Service District, a public service corporation, does hereby certify that the resolution to which this certificate is appended is a true and correct copy of the resolution establishing rules and procedures, meetings thereof, and the manner in which special meetings may be called, as well as the manner of conducting other business of the corporation, as adopted at a meeting of the board of directors of said corporation on March 7, 1973; and further, that the said resolution has been recorded in the journal of the proceedings of said corporation maintained in my office.

Dated February 17, 1989.

*Rebecca L. Nicholas*  
SECRETARY

CERTIFICATION

DENNIS DICKSON

I, ~~Terry Dye~~, Secretary of the Public Service Board of the Pleasant Hill Public Service District, hereby certify that the foregoing is a true and correct copy of the Rules of Procedure of said Public Service Board. I further certify that such Rules of Procedure remain in full force and effect and have not been amended or repealed.

WITNESS my signature on this 6<sup>th</sup> day of April, 2004.



Secretary



\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012

BOND RESOLUTION

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PLEASANT HILL PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF PARITY WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT), SERIES 2012, OF THE PLEASANT HILL PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF NOT MORE THAN \$350,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDER OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PLEASANT HILL PUBLIC SERVICE DISTRICT, CALHOUN COUNTY, WEST VIRGINIA:

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, as amended (the "Act") and other applicable provisions of law.

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

A. Pleasant Hill Public Service District (the "PSD" or "Issuer") is a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Calhoun County, located in Calhoun County, West Virginia.

B. The Issuer now has a public water system and desires to improve and expand that system and 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, betterments and improvements to the existing public water system of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to improve the public health, comfort and convenience of residents of the Public Service District, including the construction and installation of all necessary appurtenant facilities (the "Project"), and generally described as water line extensions, pumps, pumping stations, water plant improvements and necessary appurtenances particularly described in and

according to the plans and specifications prepared by the Consulting Engineer for the Project and heretofore filed in the office of the Secretary of the Public Service Board (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 aggregate principal amount of not more than \$350,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$750,000, which will be obtained from the proceeds of sale of the Series 2012 Bond herein authorized, and from a grant to be made by RUS, as hereinafter defined, in the amount of \$400,000. 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 any interest therein; interest on the Bond prior to, during and for six (6) 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 (40) years.

F. There are currently outstanding the obligations of the Issuer with which the Bond, as hereinafter defined, will rank either junior and subordinate or on a parity as to lien and source of and security for payment as follows:

(i) Water System Revenue Bonds, Series 1989, of the Issuer, dated October 2, 1989 (the "1989 Bond") issued in the original principal amount of \$236,000 secured under the terms of the 1989 Resolution (hereinafter defined) as to which the Bond will rank on parity;

(ii) Water System Revenue Bond, Series 1994, of the Issuer, dated March 9, 1994 (the "1994 Bond") issued in the original principal amount of \$130,000 secured under the terms of the 1994 Resolution (hereinafter defined) as to which the Bond will rank on parity; and

(iii) Water Revenue Bond, Series 2004, of the Issuer, dated April 8, 2004 (the "2004 Bond") issued in the original principal amount of \$150,000 secured under the terms of the 2004 Resolution (hereinafter defined) as to which the Bond will rank on parity.

With the exception of the bonds described above, there are no other outstanding bonds or obligations of the Issuer, which will rank prior to or on parity with the Bond as to lien, pledge and/or source of and security for payment.

G. The Issuer is not in default under the terms of the 1989 Resolution, the 1994 Resolution and the 2004 Resolution 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 waiver thereof.

H. 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 the costs of the 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.

I. 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 imposition of rates and charges, 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.

J. It is in the best interests of the Issuer that the Bond be sold to the United States Department of Agriculture, Rural Development, acting on behalf of the Rural Utilities Service (the "Purchaser" or "RUS"), pursuant to the terms and provisions of a letter of conditions dated April 15, 2009, and all amendments thereto (the "Letter of Conditions").

K. The Issuer has been notified by RUS that interim construction financing for the Project is not required.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the 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 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 Article 13A, Chapter 16 of the West Virginia Code, as amended.

"2012 Bond", "2012 Series Bond" or "Bond" means the \$350,000 Pleasant Hill Public Service District, Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012 authorized by this resolution.

"Bonds" means the 1979 Bond, the 1989 Bond, the 1994 Bond, the 2004 Bond and the Bond.

"1989 Bond" means the outstanding Bond of the Issuer dated October 2, 1989, described in Section 1.02 F. (i) herein.

"1994 Bond" means the outstanding Bond of the Issuer dated March 9, 1994, described in Section 1.02 F. (ii) herein.

“2004 Bond” means the outstanding Bond of the Issuer dated April 8, 2004, described in Section 1.02 F. (iii) herein.

“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 Boyles & Hildreth, Spencer, 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 hereof to be a part of the cost of acquisition and construction of the Project.

“Depository Bank” means initially Calhoun Banks, Grantsville, West Virginia, a bank or trust company, which is a member of FDIC and its successors and assigns or such other qualified bank or trust company designated now or hereafter by Issuer.

“Facilities” or “water facilities” means all the land and tangible properties of the System and also any tangible properties which may hereafter be added to the water system by addition, 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” means in this Resolution.

“Holder of the Bond” or any similar term means any person who shall be the registered owner of the Bond.

“Issuer” or “PSD” means Pleasant Hill Public Service District, Calhoun County, West Virginia, and, where appropriate, also means the Governing Body.

“Letter of Conditions” means the Letter of Conditions of the United States Department of Agriculture, dated April 15, 2009, and any other 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 practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital, 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.

“Prior Bonds” means, collectively, the 1989 Bond, the 1994 Bond and the 2004 Bond.

“Prior Resolutions” means, collectively, the 1989 Resolution, the 1994 Resolution and the 2004 Resolution.

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

“Purchaser”, “RUS”, or “Government” means United States of America, United States Department of Agriculture, Rural Utilities Service, and any successor thereof.

“Qualified Investments” means and include any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidence of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the 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 pursuant to Chapter 12, Article 6C, of the West Virginia Code of 1931, as amended; and

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

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

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

"1989 Resolution" means the resolution providing for the 1989 Bond, adopted October 2, 1989.

"1994 Resolution" means the resolution providing for the 1994 Bond, adopted March 3, 1994.

"2004 Resolution" means the resolution providing for the 2004 Bond, adopted March 19, 2004.

"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 principles.

“Secretary” means the Secretary of the Governing Body.

“System” means the Project initially, and all existing water facilities owned by the Issuer and all Facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a public water system; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

“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, and words importing persons shall include firms and corporations; words importing the masculine, feminine or neuter genders shall include any other gender; and any requirement for execution, sealing and/or attestation of the Bond or any certificate or other document by the Secretary shall mean that such Bond certificate or other document may be executed, sealed and/or attested by an 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 the acquisition and construction of the Project, at an estimated cost of \$750,000 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 V hereof.

## ARTICLE III

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer to be known as “Pleasant Hill Public Service District, Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012” in the principal amount of \$350,000, is hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bond. The Bond shall be issued as one registered bond, No. R-1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at a maximum rate of two and 00/100 percent (2.00%) per annum or such lower rate that RUS will make available at closing, and shall be sold for the par value thereof but in no event greater than two and 00/100 percent (2.00%) per annum.

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. Execution of Bond. The Bond shall be executed in the name of the Issuer by its Chairman, and its corporate seal shall be affixed thereto and attested by its Secretary, and the Chairman and the Secretary are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction. 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 of 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 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments 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 3.05 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. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Resolution.

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 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 that Bond.

Section 3.05. 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 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 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 social security numbers of the settlor and beneficiaries 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.

Section 3.06. Bond 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, her or its 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 Revenues. The payment of the debt service of the Bond shall be secured forthwith by a parity lien with the 1989 Bond, the 1994 Bond and the 2004 Bond on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. 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.

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 any supplemental resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

\$350,000

PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012

No. R-1

Date: June 28, 2012

FOR VALUE RECEIVED, the PLEASANT HILL PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Calhoun County, in Calhoun County, West Virginia (herein called "Issuer"), hereby 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 Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000), plus interest on the unpaid principal balance at the rate of two and 00/100 percent (2.00%) 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 (24) months after the date hereof, and \$1,099.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, 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 Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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 of improvements to a water system (the "System") of the Issuer, 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 Issuer 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 Issuer, 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 Bond Legislation, 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, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer 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, Issuer 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 Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1989, THE WATER SYSTEM REVENUE BOND, SERIES 1994, AND THE WATER REVENUE BOND, SERIES 2004 OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SERIES.

The initial address of Government for purposes of bond registration is 1550 Earl Core Road, Suite 101, Morgantown, WV 26505.

IN WITNESS WHEREOF, the PLEASANT HILL 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.

PLEASANT HILL PUBLIC SERVICE DISTRICT

(SEAL)

By: \_\_\_\_\_  
Chairman  
122 Nobe Road  
Five Forks, WV 26136

ATTEST:

By: \_\_\_\_\_  
Secretary

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$	6/28/12	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		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

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created or continued 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 or System Revenue Fund;
- (2) Operation and Maintenance Fund; and
- (3) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created or continued with the Commission:

- (1) Series 2012 Bond Sinking Fund;
  - (a) Within the Series 2012 Bond Sinking Fund, the Series 2012 Bond Reserve Account.

### Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the System Revenue Fund established herein. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest on the Bond, and to amortize the principal of the Bond and the Prior Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bond and the Prior Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amount thereof outstanding and on parity with each other. There is hereby created a sinking fund at the Depository Bank into which the Issuer shall deposit sufficient amounts from the Revenue Fund to pay the interest on the Bond and to amortize the principal of the Bond and the Prior Bonds over the remaining respective lives of each Bond issue. As long as the

Government owns the Bonds, such deposits can be replaced by the remittances described above.

(3) The Issuer shall next, on the first day of each month, commencing one (1) month prior to the first date of payment of principal and interest of the Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission, on a pro rata basis with the Prior Bonds, for deposit into the Series 2012 Bond Reserve Account, an amount equal to one twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bond, on a parity with the Prior Bonds, until the amount in the Series 2012 Bond Reserve Account is equal to the Series 2012 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 2012 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 Bond Reserve Requirement; provided, that any deficiencies in the Series 2012 Bond Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof,] shall be promptly eliminated with moneys from the Revenue Fund.

Moneys in the Series 2012 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, as the same shall become due. Moneys in the Series 2012 Bond Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bond, as the same shall come due, when other moneys in the attendant Series 2012 Bond Sinking Fund are insufficient therefor, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2012 Bond Sinking Fund and Series 2012 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 2012 Bond Reserve Account which result in a reduction in the balance of the Series 2012 Bond Reserve Accounts to below the Series 2012 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 2012 Bond Sinking Fund for payment of debt service on the Bond.

B. As and when additional bonds ranking on a parity with the Bond and the Prior Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the bonds of such series, including such additional bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 2012 Bond Sinking Fund or into the Series 2012 Bond Reserve Account therein when the aggregate amount of funds in said Series 2012 Bond Sinking Fund and Series 2012 Bond Reserve Account are at least equal to the aggregate principal amount of the Bond issued pursuant to this Resolution then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bond Sinking Fund created hereunder, and all amounts required for said Series 2012 Bond Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 2012 Bond Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the Series 2012 Bond Reserve Account shall be invested and reinvested by the Commission in Qualified Investments, as defined herein.

The Series 2012 Bond Sinking Fund, including the Series 2012 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bond and any additional bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 2012 Bond Sinking Fund, including the Series 2012 Bond Reserve Account therein during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bonds or for any lawful purposes of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Registrar's fees, the Paying Agent's fees and the Depository Bank's charges then due.

E. Calhoun Banks is hereby designated the Depository Bank. The Commission is hereby designated as Paying Agent for the Bond.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund 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.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bond not required by the Project in the Series 2012 Bond Reserve Account or as otherwise directed by RUS.

## ARTICLE V

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bond, there shall be deposited with the Commission in the Series 2012 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2012 Bond Reserve Account.

B. The remaining moneys derived from the sale of the Bond shall be deposited by the Issuer as received from time to time in the Construction Fund established hereunder.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in this Resolution. Except with respect to any transfers to the Rebate Fund, moneys in the Construction Fund shall be used solely to pay Costs of the Project and, until so transferred or expended, are hereby pledged as additional security for the Bond.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

On or before the Closing Date, the Issuer shall have delivered to RUS a report listing the specific purposes for which the proceeds of the Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Construction Fund shall be made only after submission to, and approval from, RUS of the following:

- (1) a completed and signed "Payment Requisition Form," and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:
  - (A) That none of the items for which the 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 made 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; and
  - (D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Until disbursed by the Issuer, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VI

### GENERAL COVENANTS

Section 6.01. 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 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 Purchaser.

Section 6.02. 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 one hundred ten percent (110%) percent of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund 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 6.03. 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 6.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of the revenues of the System or any part thereof shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser or the then holder of or Trustee or agent for the holder of the Bond.

Section 6.05. Insurance and Bond. 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) Real Property 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 in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$1,000,000 for 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 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 \$1,000,000 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 one hundred percent (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 Calhoun County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation insurance will 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 every officer and employee of the PSD having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding RUS loans.

(f) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(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 6.06. 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 delivery of the Bond.

Section 6.07. 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 at the date specified for payment thereof; and/or

(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 or of this or the other Bond Resolutions.

Section 6.08. 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 and shall have all rights prescribed by the Act, W.Va. Code and other applicable law.

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 6.09. 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 (30) days prior to the beginning of each fiscal year, the Issuer agrees to adopt an 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 an 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 an Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (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 6.10. 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 6.11. 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 6.12. 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 further covenants to comply with the Act with respect to such books, records and accounts.

Section 6.13. 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 6.14. 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 VII

### RATES, RULES, COVENANTS, ETC.

#### Section 7.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in an Order of the Public Service Commission issued January 26, 2012, which became Final on February 15, 2012, and a Corrective Order entered February 8, 2012, in Case Number 11-1241-PWD-CN, which orders are incorporated herein by reference and are made a part hereof.

B. The Issuer hereby confirms the rates and charges as set out in the above-referenced order and included on a tariff sheet filed with the Public Service Commission, which rates and conditions are as follows:

APPLICABILITY

Applicable within the entire area served

AVAILABILITY OF SERVICE

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

RATES

First	3,000 gallons used per month	\$9.75 per 1,000 gallons
Next	3,000 gallons used per month	\$9.49 per 1,000 gallons
Next	4,000 gallons used per month	\$7.66 per 1,000 gallons
Next	10,000 gallons used per month	\$6.80 per 1,000 gallons
All Over	20,000 gallons used per month	\$4.65 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 17.16 per month
3/4 inch meter	\$ 25.74 per month
1 inch meter	\$ 42.90 per month
1-1/4 inch meter	\$ 62.63 per month
1-1/2 inch meter	\$ 85.80 per month
2 inch meter	\$ 137.28 per month
3 inch meter	\$ 257.40 per month
4 inch meter	\$ 429.00 per month
6 inch meter	\$ 858.00 per month

The above minimum charges are subject to subject to an additional of \$1.17 per 1,000 gallons of water used per month.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

RECONNECTION CHARGE

\$20.00

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

### LEAK ADJSUT INCREMENT

\$4.21 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historic average usage.

### RETURNED CHECK CHARGE

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

### SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

#### Section 7.02. Further Covenants

The Issuer hereby further covenants and agrees as follows:

- A. There shall not be any discrimination or differential in rates between customers in similar circumstances.
- B. 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.
- C. 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.
- D. 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 such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.
- E. 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.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01. Repayment 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 Resolution, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Resolution 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. Except through such direct payment to the Holder of the Bond, the Issuer may not defease the Bond or otherwise provide for payment thereof by escrow or like manner.

Section 8.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute a Financing Statement meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statement in the office of the Secretary of State of West Virginia.

Section 8.03. Delivery of Bond. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2012 Bond, numbered 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 8.04. Severability of Invalid Provision. 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 Bonds.

Section 8.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 8.06. 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 8.07. Modification or Amendment. The Bond Resolution may not be modified or amended in any material manner after final passage without the prior written consent of the Purchaser and/or holder of the Bond.

Section 8.08. 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 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 8.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Resolution.

Section 8.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 8.11 Statutory Notice of Meeting and Bond Issue. An abstract of this Bond Resolution, determined by the Governing Body to contain sufficient information as to give notice of the contents hereof, has been published once in a qualified newspaper published and of general circulation in the Pleasant Hill Public Service District, together with a notice stating that this Bond Resolution will be considered, that the Issuer contemplates the issuance of the Bond, that any person interested may appear before the Public Service Board upon a date certain, not less than ten (10) days subsequent to the date of publication of such abstract of this Bond Resolution and notice, and present protests, and that a certified copy of the Resolution is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such meeting, all objections and suggestions were heard, and the Governing Body took such action, as it shall deem proper in the premises.

PLEASANT HILL PUBLIC SERVICE DISTRICT

[SEAL]

By: Dale Cunningham  
Chairman

Attest:

By: Terry Dye  
Secretary

CERTIFICATION

I, Terry Dye, Secretary of the Pleasant Hill Public Service District, hereby certify that the foregoing is a true and correct copy of a Resolution approved at a meeting of the Public Service Board of the Pleasant Hill Public Service District held on June 14, 2012. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 14<sup>th</sup> day of June, 2012.

Terry Dye  
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF CALHOUN, to-wit:

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of June, 2012, by T. Dale Cunningham, the Chairman of the Pleasant Hill Public Service District, a public service district created and expanded pursuant to the Act by orders issued by The County Commission of Calhoun County, on behalf of said public service district.

My commission expires Oct. 11, 2020.



Joann Dunn  
NOTARY PUBLIC

PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 1989 AND 1994

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR  
TRANSFER OF THE RESERVE ACCOUNTS FOR THE SERIES 1989 AND 1994 BONDS  
AND AMENDMENT OF PRIOR RESOLUTIONS TO EFFECT SUCH TRANSFERS

WHEREAS, the Issuer has previously issued its Water Revenue Bond, Series 1989, dated October 2, 1989, in the original aggregate principal amount of \$236,000 (the "1989 Bond"), and held by the United States Department of Agriculture ("USDA" or the "Purchaser");

WHEREAS, the Issuer has previously issued its Water Revenue Bond, Series 1994, dated March 9, 1994, in the original aggregate principal amount of \$130,000 (the "1994 Bond", and together with the 1989 Bond, the "Prior Bonds"), and held by USDA;

WHEREAS, the Prior Bonds are secured by reserve accounts pledged for the payment of principal of and interest on the Prior Bonds (hereinafter referred to as the "Bond Reserve Accounts"), which accounts are, pursuant to the resolutions of the Issuer adopted on October 2, 1989 and March 3, 1994, authorizing the Prior Bonds (the "Prior Resolutions"), held by the Depository Bank;

WHEREAS, USDA has requested that the Issuer transfer the monies in the Bond Reserve Accounts from the Depository Bank to the West Virginia Municipal Bond Commission (the "Commission");

WHEREAS, the Prior Resolutions provide that they may be amended by supplemental resolution with the prior written consents of the Purchasers and such consent has been received by the Issuer; and

WHEREAS, the Public Service Board of the Issuer deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted,

**NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE  
BOARD OF THE PLEASANT HILL PUBLIC SERVICE DISTRICT:**

Section 1. The Prior Resolutions are amended, as necessary, to reflect the following:

- A. The Bond Reserve Accounts are held by the Commission.
- B. The Commission is designated as the Fiscal Agent for the administration of the Bond Reserve Accounts as herein provided, and all amounts required for the Bond Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the

Revenue Funds at the times provided herein. If required by the Purchasers at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Funds and electronically transferred to the Commission on the dates required hereunder.

C. The Issuer shall, on the twenty-sixth day of each month (if such day is not a business day, then the next business day after the twenty-sixth day of each month), deposit with the Commission the required reserve account payments with respect to the Prior Bonds, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

D. Moneys in the Bond Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

E. Earnings from moneys in the Bond Reserve Accounts, so long as the Minimum Reserves are on deposit in such accounts and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Funds.

F. The Issuer shall remit from the Revenue Funds to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.

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

Section 2. The aforementioned amendments relating to the Bond Reserve Accounts shall become effective, on the date of adoption of this Supplemental Resolution. The sums of \$13,908 and \$7,668, which represent the Minimum Reserves required by the Prior Resolutions for the Bond Reserve Accounts, shall be transferred to the Commission. Any and all amounts in the Bond Reserve Accounts in excess of the Minimum Reserve amounts shall simultaneously be deposited in the Revenue Funds.

Section 3. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 14<sup>th</sup> day of June, 2012.

PLEASANT HILL PUBLIC SERVICE DISTRICT

By: Dale Cough  
Chairman

ATTEST:

Kerry D. Oyer  
Secretary

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of the Pleasant Hill Public Service District on the 14<sup>th</sup> day of June, 2012.

Dated: June 28, 2012.

[SEAL]

  
Secretary



Special Meeting – January 12, 2012

A Special meeting of the Pleasant Hill PSD was held on January 12, 2012.  
The meeting was held at the District Office on Nobe Road and called to order at 7:00 pm.

Those present: Dale Cunningham, Perry Dye, Bob Beall Board Members; and JoAnn  
Dunn Office Manager.

BUSINESS DISCUSS

The Board Members voted to continue serving the Pleasant Hill PSD. The expiration of  
terms is: Dale Cunningham until June 2016, Robert Beall until June 2012 and Perry Dye  
until June 2014.

APPROVED: February 9, 2012

Perry Dye  
Perry Dye, Treasurer

Dale Cunningham  
Dale Cunningham, Chairman



SPECIAL MEETING  
PLEASANT HILL PSD  
JUNE 14, 2012 AT 5:30 PM

A special meeting of the Pleasant Hill PSD was held on June 14, 2012. This meeting was held at the District Office on Nobe Road, Five Forks WV, and was called to order at 5:30 pm.

Those present: Dale Cunningham, Jim Hildreth, Bill Bragg, Perry Dye, Bob Beall, Eric Cunningham, Jeff Engle, JoAnn Dunn, Faith Bragg, and Ray Yoak.

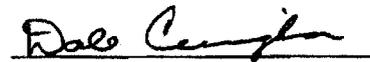
BUSSINESS DISCUSSED

- Re-check with Calhoun County Court House regarding Dale Cunningham's oath of office and Get letter or copy of minutes regarding Bob Beall and Perry Dye's appointments as Board Members.
- Ray Yoak appeared and had several issues to discuss regarding the possibility of changing the access road on the Kite Knob Project. The Chairman and Engineer addressed these items.
- Dale made a motion to accept the Bond Resolution, 2<sup>nd</sup> by both Board Members. The Chairman and both Board Members signed the Resolution, Sealed with PHPSD seal and notarized by JoAnn Dunn.
- The Chairman made a motion to accept Cam Hildreth and Andy Collins as inspectors for the Kite Knob project. 2<sup>nd</sup> by both Board Members.
- Dale suggested that we call the Dept. of Highways regard the permit for both the Kite Knob and Beatrice Projects.
- No other subjects were addressed, Meeting was adjourned.
- No other persons attended this meeting.

Approved: July 12, 2012

  
\_\_\_\_\_

Perry Dye, Treasurer

  
\_\_\_\_\_

Dale Cunningham, Chairman

REGULAR MEETING – June 14, 2012

The regular monthly business meeting of the Pleasant Hill PSD was held on June 14, 2012. The meeting was held at the District Office on Nobe Road and called to order at 6:30 pm.

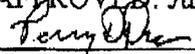
Those present: Dale Cunningham, Perry Dye, Robert Beall Board Members; Jeff Engle, Eric Cunningham and JoAnn Dunn Office Manager.

BUSINESS DISCUSS

The minutes of the May 2012 meeting were approved as presented and the bills for the month of June 2012 were approved. Dale Cunningham made a motion to approve minutes and expenses, seconded by both Perry and Bob, motion carried.

- Discussion about delinquency notices and how they have improved. One shut off.
- Dale made a motion to submit the petition to Tim Meeks for review for customers to get water in the Annamoriah area.
- Dale made a motion to approve all the applications for new water service. Seconded by Perry Dye, motion carried.
- Dale made a motion to change the water meters at Paul Funk and Parker Yeager's and to give Paul Funk a Leak Adjustment, Seconded by Perry and Bob, motion carried.
- Jeff and Eric to start reading meters on Friday, June 15th, 2012.
- Next meeting is July 12<sup>th</sup>, 2012, to start at 6:00.
- Reminder of meeting on June 26, 2012 at 10:00 AM at Boyles & Hildreth in Spencer for the Kite Knob Project.
- Dale made a motion to adjourn, seconded by Perry

APPROVED: July 12, 2012

  
Perry Dye, Treasurer

  
Dale Cunningham, Chairman



AFFIDAVIT OF PUBLICATION

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

I, Helen R. Morris, being first duly sworn upon my oath, do depose and say that I am publisher of The Calhoun Chronicle/Grantsville News, a Democratic newspaper published for at least fifty weeks during the calendar year in Grantsville, Calhoun County, West Virginia, that such newspaper is a newspaper of "general circulation" as that term is defined in Article 3, Chapter 59 of the Code of West Virginia, 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Calhoun; that such newspaper averages in length four or more pages, exclusive of any cover, per-issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political nature and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

PUBLIC NOTICE

was duly published in said newspaper once a week for 1 successive week(s) (Class I), commencing with the issue of the 17th of May, 2012, and ending with the issue of the 17th of May, 2012.

The cost of publishing said annexed notice was \$81.48.

Signed Helen R. Morris

Taken, subscribed and sworn before me in my said county on This 16th day of May, 2012.

My commission expires: October 1, 2012

NOTICE TO RESIDENTS OF PUBLIC SERVICE DISTRICT AND OTHER PERSONS INTERESTED IN RESOLUTION FOR PROPOSED ISSUANCE OF NOT MORE THAN \$350,000 WATER REVENUE BOND FOR KNOB STORAGE TANK PROJECT, SERIES 2012. This notice contains details regarding the proposed bond issue, including the amount, terms, and the project it will fund. It also mentions the public hearing and the opportunity for interested parties to appear before the Board.

The Calhoun Chronicle

P. O. Box 400  
Grantsville, WV 26147**Invoice**

Date	Invoice #
5/18/2012	9939

<b>Bill To</b>
Pleasant Hill PSD 122 Nobe Road Five Forks, WV 26136

<b>Ship To</b>

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
			5/18/2012			
Quantity	Item Code	Description			Price Each	Amount
1	Advertising	Class I Legal Run 5/17/2012 Notice to Residents			81.48	81.48
					<b>Total</b>	581.48

**BALANCES OVER 30 DAYS MAY BE SUBJECT TO 1-1/2  
PERCENT INTEREST PER MONTH.**

NOTICE TO RESIDENTS OF  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
AND OTHER PERSONS INTERESTED IN RESOLUTION FOR PROPOSED  
ISSUANCE OF NOT MORE THAN \$350,000 WATER REVENUE BOND (KITE KNOB  
STORAGE TANK PROJECT), SERIES 2012

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A, as amended, you hereby notified that a meeting of the Public Service Board (the "Board") of the Pleasant Hill Public Service District (the "Public Service District") will be held on the 14<sup>th</sup> day of June, 2012, to consider for adoption a Resolution entitled "Resolution Authorizing the Acquisition and Construction of Public Service Properties and Issuance of Parity Water Revenue Bond (Kite Knob Storage Tank Project), Series 2012, of the Pleasant Hill Public Service District, in the Amount of Not More Than \$350,000, to Finance the Acquisition and Construction of Improvements to a Public Water System; Defining and Prescribing the Terms and Provisions of the Bond; Placing Limit on Sale of System; Providing Generally for the Rights and Remedies and Security of the Holder of the Bond; Providing Statutory Lien on Revenues and System; Providing for the Adoption, Ratification, Approval and Collection of Rates and Charges for the Public Water System; and Providing General Terms and Providing When this Resolution Shall Take Effect" (the "Resolution") to authorize the issuance of Water Revenue Bond, Series 2012 (the "Bond"), of the Public Service District in the amount of not more than \$350,000. The Bond will provide a portion of the funds to finance the cost of the acquisition, construction and extension of betterments and improvements for the existing water system of the Public Service District including the construction of new lines and other improvements within the Public Service District.

The entire amount of the principal of and interest on the Bond will be paid solely and only from the revenues received from operation of the water system of the Public Service District to be amortized over a period of 38 years. The Resolution provides provisions with respect to the final interest rate which may be but cannot exceed 2.75% per annum which may be finally determined therein or by supplemental resolution.

A copy of the Resolution and a copy of the plans and specifications of the proposed project are available for examination by any interested person at the Public Service District's office during regular office hours of such office which are from 9:00 a.m. to 12:00 p.m., noon Monday through Friday.

The meeting will be held at the Public Service District's office located in ~~Big Bend~~Five Forks, West Virginia, on the 14<sup>th</sup> day of June, 2012, at 5:30 p.m., and any person or persons interested may appear before the Board and be heard as to whether or not the Resolution shall be put into effect. All suggestions, protests and objections to the issuance of the Bond will be heard by the Board.

Dated this 10<sup>th</sup> day of May, 2012.

PLEASANT HILL PUBLIC SERVICE DISTRICT  
Calhoun County, West Virginia

T. Dale Cunningham, Chairman  
Terry Dye, Secretary

PUBLISH AS CLASS I NOTICE ON MAY 16, 2012

*The Calhoun Chronicle and Ritchie Gazette*



\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012

GENERAL CERTIFICATE

1. TERMS
2. AWARD OF BOND
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS AND BIDDING
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. SIGNATURES
7. CERTIFICATION OF COPIES OF DOCUMENTS
8. PUBLIC SERVICE COMMISSION ORDER; RATES
9. INCUMBENCY AND OFFICIAL NAME
10. DELIVERY AND PAYMENT
11. LAND AND RIGHTS OF WAY
12. MEETINGS
13. CONTRACTORS' INSURANCE
14. CONNECTIONS
15. MANAGEMENT
16. RATES AND CHARGES
17. CONFLICT OF INTEREST
18. COMPLIANCE WITH 1989, 1994 AND 2004 RESOLUTIONS AND BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the PLEASANT HILL PUBLIC SERVICE DISTRICT, Calhoun County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Pleasant Hill Public Service District, Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012, No. R-1, in the principal amount of \$350,000, bearing interest at the rate of 2.00% per annum, and dated on the date hereof (the "Bond"):

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Resolution adopted by the Public Service Board of the Issuer (the "Board") and effective on June 14, 2012 (the "Resolution").

2. AWARD OF BOND: The entire issue of the Bond has been duly awarded to the United States Department of Agriculture, Rural Development, acting on behalf of the Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions dated April 15, 2009, from the Purchaser and the Resolution.

3. 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 the issuance and delivery of the Bond, nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bond, nor affecting the validity of the

Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the Board or the title of the members and officers thereof to their respective offices; nor questioning the additions, betterments and improvements to the water system of the Issuer (the "System") being financed out of the proceeds of sale of the Bond.

4. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction and operation of the System have been duly and timely obtained and remain in full force and effect. This includes a Certificate of Convenience and Necessity from the West Virginia Public Service Commission ("PSC") awarded in Case No. 11-1241-PWD-CN. Competitive bids for construction of the Project were solicited in accordance with West Virginia law.

5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in the additions, betterments and improvements to the System. Upon issuance and delivery of the Bond, the Issuer will have the Bond and its Water Revenue Bond, Series 1989, Water Revenue Bond, Series 1994, and Water Revenue Bond, Series 2004 (collectively, the "Prior Bonds" and together with the Bond, the "Bonds"), as debt outstanding, which Bonds constitute a shared, first parity lien on the Net Revenues of the System. The Issuer has obtained the consents of the holders of the Prior Bonds to the issuance of the Bond.

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

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

- Orders Creating the Issuer and Expanding its Boundaries
- Bond Resolution
- Notice of Meeting to Approve Resolution
- Minutes of Meeting Approving Resolution
- Rules of Procedure
- Orders Appointing Members of Public Service Board
- Oaths of Office of Chairman, Secretary and Members of Board
- Rate Tariff
- Public Service Commission Certificate of Convenience and Necessity
- West Virginia Infrastructure and Jobs Development Council Approval Letter

8. PUBLIC SERVICE COMMISSION ORDER; RATES: The Issuer hereby covenants that it has filed information with the PSC and taken all action required to maintain the Commission Order entered on January 26, 2012, in full force and effect. The rates were adopted by an order issued January 13, 2011, and the Issuer has complied with all requirements of the PSC to make the rates valid and effective, and such rates are in full force and effect.

9. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Pleasant Hill Public Service District", and it is a public service district created pursuant to the Act by orders issued by The County Commission of Calhoun County, located in Calhoun and Ritchie Counties, West Virginia. The governing body of the Issuer is the Chairman, its Board consisting of three (3) Board Members and the Secretary and Treasurer, whose names, terms and offices are as follows:

<u>Name</u>	<u>Term</u>	<u>Office</u>
Dale Cunningham	3/9/16	Chairman
Robert Beall	6/ /16	Secretary
Perry Dye	3/9/14	Treasurer

The duly appointed and acting Attorney for the Issuer is Andrew C. Patton.

10. DELIVERY AND PAYMENT: On the date hereof, the Bond was delivered to the Purchaser at Spencer, West Virginia, by the undersigned Chairman and at the time of such delivery, the Bond had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Bond, a payment of \$84,254.39 was received by the undersigned Chairman, being a portion of the principal amount of the Bond. Interest on advances upon the Bond at the rate of 2.00% per annum is payable upon each advance from the date hereof. The Bond Proceeds have been deposited in accordance with the terms of the Resolution.

The Bond is dated on the date hereof, and interest on the Bond at the rate of 2.00% per annum is payable on the Bond from such date.

11. LAND AND RIGHTS OF WAY: All land in fee simple and all rights of way and easements necessary for the construction, operation and maintenance of the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions 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 Bond.

12. MEETINGS: All actions, resolutions, supplemental resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the System were authorized or adopted at

meetings of the Board of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Board and all applicable statutes, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings.

13. CONTRACTORS' INSURANCE: 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 and the Resolution.

14. CONNECTIONS: The Issuer has received connection agreements from at least 687 bona fide users and has deposited or will deposit forthwith the sum thereof in the 2012 Project Construction Account in full compliance with the requirements of the Purchaser.

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

16. RATES AND CHARGES: Based upon information submitted by the Certified Public Accountant, the rates and charges for the System which became effective on January 13, 2011, will, so long as the Bond and all Prior Bonds are outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bond and the Prior Bonds, (b) the principal amount of the Bond and the Prior Bonds at or before their maturity and (c) a margin of safety or reserve for the Bond and the Prior Bonds and for the payment into the Reserve Accounts created for the Bond and the Prior Bonds. The Issuer has approved and taken the necessary steps to implement the rates approved by the Public Service Commission of West Virginia by on January 13, 2011, in Case No. 10-1234-PWD-30B.

17. CONFLICT OF INTEREST: No 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 with respect to a sale or lease of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Bond, the authorizing document and/or the Project, including without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than five percent (5%) of the particular business enterprise or contract.

18. COMPLIANCE WITH 1989, 1994 AND 2004 RESOLUTIONS AND BONDS: All payments have been made under the 1989, 1994 and 2004 Resolutions, and there are no defaults in the terms and conditions of the 1989, 1994 and 2004 Resolutions or Bonds.

WITNESS our signatures and the official corporate seal of the PLEASANT HILL PUBLIC SERVICE DISTRICT on this 28<sup>th</sup> day of June, 2012.

(CORPORATE SEAL)

SIGNATURE

OFFICIAL TITLE

Dale Cumpston

Chairman

Robert Beall

Secretary

Drew Puffer

Attorney for Issuer



\$750,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KITE KNOB STORAGE TANK PROJECT)  
SERIES 2012

CERTIFICATE OF CONSULTING ENGINEER

I, James B. Hildreth, P.E., of Boyles and Hildreth Consulting Engineers, Spencer, West Virginia, a Registered Professional Engineer, West Virginia License No. 7719, hereby certify that I am the engineer for the acquisition, construction and equipping of certain additions, betterments and improvements to the water system (herein called the "Project") of the Pleasant Hill Public Service District (the "Issuer"), located in Calhoun County, West Virginia, a portion of which cost is being financed by the above-captioned bond (collectively, the "Bond") of the Issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution adopted by the Public Service Board of the Issuer on June 14, 2012 (the "Resolution").

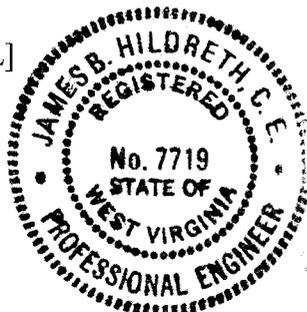
1. The Bond is being issued for the purpose of financing a portion of the cost of the Project.

2. The undersigned hereby certifies that in his opinion and to the best of his knowledge after due inquiry (i) the Project will consist of the acquisition, construction and equipping of water system improvements based upon approved plans, specifications and designs which will be prepared by my firm and which have been or will be approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it will be constructed and will, with proper operation and maintenance, have an estimated useful life of at least forty (40) years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing, and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds, (iv) the chosen bidder received any and all addenda to the original bid documents, (v) the bid documents reflect the Project as approved by all required governmental agencies; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof, (vii) the Issuer has obtained or will obtain all permits required by the laws of the State and the federal government necessary for the construction of the Project, (viii) the net proceeds of the Bond, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are or will be sufficient, in normal instances, to pay the costs of acquisition, construction and equipping of the Project, and (ix) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature as of the 28<sup>th</sup> day of June, 2012.

BOYLES AND HILDRETH CONSULTING ENGINEERS

[SEAL]



By:

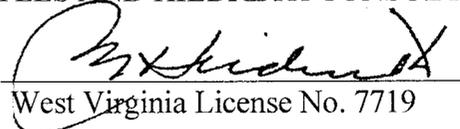
  
West Virginia License No. 7719

EXHIBIT A

Schedule A - Total Cost of Project and Source of Funds

TOTAL COSTS OF PROJECT

Acquisition, Construction and Equipping	\$ 476,935
Construction Contingencies	23,900
Land & Rights	5,000
Legal Fees	6,500
Bond Counsel	20,000
Accounting	7,500
Engineering Fees	85,500
Basic - \$ 52,000	
Special - \$3,500	
Insp. - \$30,000	
Equipment	103,265
Interest	9,400
Project Contingency	12,000
	\$ 750,000

SOURCES OF FUNDS

Rural Utilities Service loan in the amount of \$350,000, at a rate of 2.75%, and for a term not to exceed 38 years, and an Rural Utilities Service grant in the amount of \$400,000.





**smithcochranhicks** PLLC

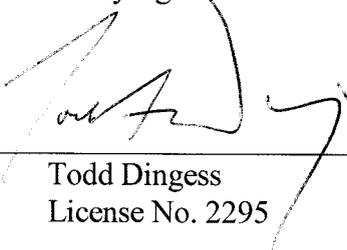
CERTIFIED PUBLIC ACCOUNTANTS

\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KITE KNOB STORAGE TANK PROJECT)  
SERIES 2012

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

I, Todd Dingess, a Certified Public Accountant, License No. 2295, of Charleston, West Virginia, have reviewed the water service rates, which were adopted by the Pleasant Hill Public Service District (the "District"), by a Rate Tariff issued January 13, 2011, which became effective January 13, 2011, filed with the Public Service Commission of West Virginia. Based upon projected operation and maintenance expenses and anticipated customer usage, it is our opinion that the schedule of rates set forth in the Rate Tariff are adequate to pay operation and maintenance expenses of the System, as defined in the Bond Resolution, hereinafter described, to pay the principal of and interest, if any, on the 2012 Bonds and the Prior Bonds, as defined in the Bond Resolution, and to meet the one hundred fifteen percent (115%) debt service coverage requirement of the Prior Bonds and the 2012 Bonds and the Bond Resolution adopted by the Public Service Board of the District on June 14, 2012. It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 2012 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the 2012 Bonds, will be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the 2012 Bonds and the Prior Bonds.

WITNESS my signature as of this 28<sup>th</sup> day of June, 2012.

By:   
\_\_\_\_\_  
Todd Dingess  
License No. 2295



**smithcochranhicks** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

June 18, 2012

Ms. Virginia McDonald  
Area Specialist  
United States Department of Agriculture  
Rural Development  
2118 Ripley Road  
Ripley, WV 25271

Re Pleasant Hill PSD  
Kite Knob Water Tank Imp. Project

Dear Ms. McDonald,

As accountant for the above referenced District, I certify that the Uniform System of Accounts and Records have been established by the District and the District has the System of Accounts and Records operational.

If you have questions or require further information please do not hesitate to contact me at 304-345-1151.

Respectfully,

Todd Dingess, CPA



\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT), SERIES 2012

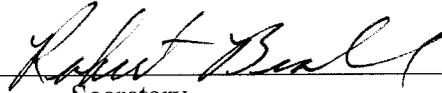
CERTIFICATE OF SECRETARY AS TO TRUTH  
AND ACCURACY OF DOCUMENTS DELIVERED

I, Robert Beall, the duly elected Secretary of the Pleasant Hill Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$350,000 Pleasant Hill Public Service District, Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012, are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, that the terms and conditions included in said documents are still in full force and effect as of the date hereof, and that said documents have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Bond Resolution adopted on June 14, 2012.
2. Public Service Commission Recommended Decision entered on January 26, 2012.
3. County Commission Orders Creating and Expanding Pleasant Hill Public Service District.
4. County Commission Orders Appointing Board Members.
5. Oaths of Office of Board Members.
6. Rules of Procedure adopted on March 7, 1973.
7. Water Purchase Contract dated March 1, 1971, as amended, between the Town of Grantsville and the District.
8. Minutes of Current Year Organizational Meeting.
9. Minutes on Adoption of Bond Resolution.
10. Affidavit of Publication of Notice of Public Hearing on Adoption of Bond Resolution.
11. Evidence of Insurance.

WITNESS my signature and the official seal of the Pleasant Hill Public Service District as of the 28<sup>th</sup> day of June, 2011.

(SEAL)

  
Secretary



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**PLEASANT HILL PUBLIC SERVICE DISTRICT, a public utility**

OF

GRANTSVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

near Grantsville, Calhoun County and Smithsville, Ritchie County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION  
of  
WEST VIRGINIA

10:53 AM MAR 14 2011 PSC EXEC SEC DIV

---

Issued January 13, 2011

Effective for all bills rendered on and after January 13, 2011  
or as otherwise provided herein

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Issued by authority of an order of the  
Public Service Commission of West Virginia  
in Case No. 10-1234-PWD-30B dated  
January 13, 2011 or as otherwise provided herein

Issued by Pleasant Hill Public Service District, a public utility

By Dale Coughlin

Chairman

Title

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.

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

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

RATES

First	3,000 gallons used per month	\$9.75 per 1,000 gallons
Next	3,000 gallons used per month	\$9.49 per 1,000 gallons
Next	4,000 gallons used per month	\$7.66 per 1,000 gallons
Next	10,000 gallons used per month	\$6.80 per 1,000 gallons
All Over	20,000 gallons used per month	\$4.65 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 17.16 per month
3/4 inch meter	\$ 25.74 per month
1 inch meter	\$ 42.90 per month
1 - 1/4 inch meter	\$ 62.63 per month
1 - 1/2 inch meter	\$ 85.80 per month
2 inch meter	\$137.28 per month
3 inch meter	\$257.40 per month
4 inch meter	\$429.00 per month
6 inch meter	\$858.00 per month

The above minimum charges are subject to an additional of \$1.17 per 1,000 gallons of water used per month.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

RECONNECTION

\$20.00

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

LEAK ADJUSTMENT

\$4.21 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: February 8, 2012

CASE NO. 11-1241-PWD-CN

PLEASANT HILL PUBLIC SERVICE DISTRICT,  
a public utility, Five Forks, Ritchie County.

Application for a certificate of convenience and necessity to construct, own and operate water system improvements at Smithville and Pleasant Hill in the Counties of Ritchie and Calhoun (Beatrice/Rt. 47 West, Kite Knob Water Storage Tank Project).

CORRECTIVE ORDER

INTRODUCTION

This Order corrects the case description and the approval of incorrect rates that were recommended by Commission Staff.

PROCEDURE

On August 24, 2011, a verified application for a certificate of public convenience and necessity was filed by the Pleasant Hill Public Service District (District or Applicant) seeking the Commission's consent and approval under West Virginia Code §24-2-11 to construct water system improvements at Smithville and Pleasant Hill in Ritchie and Calhoun Counties consisting of the installation of approximately 37,000 l.f. of two (2), six (6) and eight (8)-inch waterline; 13 hydrants and necessary appurtenances, for the Smithville improvements; and the installation of approximately 2,900 l.f. of eight (8)-inch waterline and two (2) fire hydrants and necessary appurtenances and the construction of one 105,000-gallon water storage tank, for the Pleasant Hill improvements. The Applicant estimated that the project will cost approximately \$2,215,000 and will be financed by a Rural Utilities Service Loan in the amount of \$350,000 with terms of 2.75% for a period of 40 years; a Rural Utilities Service Grant in the amount of \$400,000; and a Small Cities Block Grant in the amount of \$1,465,000. The District does not have any resale customers. The District does not anticipate an increase in rates and charges for its customers as a result of the proposed project.

On November 22, 2011, Commission Staff filed a Final Joint Staff Memorandum which contained its substantive recommendation and a Staff-recommended tariff. No objection to the Staff recommendation was filed by the Pleasant Hill Public Service District even though it was afforded an opportunity to do so by the Commission.

On January 26, 2012, a Recommended Decision was entered by the Division of Administrative Law Judges which accepted the Staff recommendation, in toto, including the Staff-recommended tariff.

On February 7, 2012, Staff filed a motion seeking a Corrective Order. As cause, Staff explained that it had inadvertently given the District an unintended rate increase when Staff cleaned up the District's tariff; in particular, the District's 30B surcharge of \$1.17 per 1,000 gallons was rolled into the rates for minimum bills resulting in a rate increase. Additionally, Staff requested that the case description be modified to state the correct type of proceeding, the correct description of the proceeding and the proper location of the District's offices.

#### DISCUSSION

It is appropriate to grant Staff's motion filed on February 7, 2012, and approve the corrections noted therein. The case description will be revised to note the proper type of case proceeding, the proper location of the District's utility offices and the proper description of the project in question. Additionally, the Staff-recommended tariff attached to the January 26, 2012 decision, as Appendix A, will be stricken from the decision along with the paragraphs ordering that the Staff-recommended rates and charges are approved for use by the District and ordering that the District file a revised tariff. The District's rates and charges currently on file with the Commission shall be used by the District for all service rendered to its customers on and after the date that the Recommended Decision becomes a final order of the Commission.

#### FINDINGS OF FACT

1. On January 26, 2012, rates and charges were approved for use by the Pleasant Hill Public Service District which inadvertently provided the District with a rate increase when the District's 30B surcharge of \$1.17 per 1,000 gallons was rolled into the District's rates for minimum bills. (See, Staff Motion filed on February 7, 2012, seeking a Corrective Order).
2. The case description of the January 26, 2012 Recommended Decision incorrectly stated the proper type of case proceeding, the proper location of the District's utility offices and the proper description of the project in question. (See, Staff Motion filed on February 7, 2012, seeking a Corrective Order).

#### CONCLUSIONS OF LAW

1. It is reasonable to grant Staff's motion and make the corrections noted regarding the rates and charges for use by the District to avoid the unintended result of a rate increase for the District.
2. It is also reasonable to strike Appendix A and the language regarding its usage by the District from the January 26, 2012 Recommended Decision along with the ordering paragraphs ordering that the Staff-recommended rates and charges are approved for use by the District and that the District file a revised tariff.

3. It is reasonable to order the District to use the rates and charges currently on file with the Commission for all service rendered to its customers on and after the date that the Recommended Decision becomes a final order of the Commission.

ORDER

IT IS, THEREFORE, ORDERED that the rates and charges attached to the January 26, 2012 Recommended Decision, as Appendix A, which were approved for use by the Pleasant Hill Public Service District for all service rendered on and after the date that the decision became a final order of the Commission, be, and hereby are, stricken from the decision.

IT IS FURTHER ORDERED that the requirement in the January 26, 2012 Recommended Decision that the Pleasant Hill Public Service District file a revised tariff is stricken from said decision.

IT IS FURTHER ORDERED that the current rates and charges of the Pleasant Hill Public Service District on file with the Commission shall be used by the District for all service rendered to its customers on and after the date that the Recommended Decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that the errors to the case description noted herein are hereby corrected.

IT IS FURTHER ORDERED that, in all other respects, the Recommended Decision of January 26, 2012, remains in full force and effect.

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

  
Meyshy Pearl Blair  
Administrative Law Judge

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PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: January 26, 2012

FINAL

2/15/2012

CASE NO. 11-1241-PWD-CN

PLEASANT HILL PUBLIC SERVICE DISTRICT,

A public utility, Mineral Wells, Wood County.

Rule 19A application to increase water rates  
and charges.

RECOMMENDED DECISION

INTRODUCTION

This Recommended Decision grants the certificate subject to the conditions noted by Staff.

PROCEDURE

On August 24, 2011, a verified application for a certificate of public convenience and necessity was filed by the Pleasant Hill Public Service District (District or Applicant) seeking the Commission's consent and approval under West Virginia Code §24-2-11 to construct water system improvements at Smithville and Pleasant Hill in Ritchie and Calhoun Counties consisting of the installation of approximately 37,000 l.f. of two (2), six (6) and eight (8)-inch waterline; 13 hydrants and necessary appurtenances, for the Smithville improvements; and the installation of approximately 2,900 l.f. of eight (8)-inch waterline and two (2) fire hydrants and necessary appurtenances and the construction of one 105,000-gallon water storage tank, for the Pleasant Hill improvements. The Applicant estimated that the project will cost approximately \$2,215,000 and will be financed by a Rural Utilities Service Loan in the amount of \$350,000 with terms of 2.75% for a period of 40 years; a Rural Utilities Service Grant in the amount of \$400,000; and a Small Cities Block Grant in the amount of \$1,465,000. The District does not have any resale customers. The District does not anticipate an increase in rates and charges for its customers as a result of the proposed project.

By Commission Order entered on August 24, 2011, the District was ordered to publish the Notice of Filing of its certificate application as a Class I legal advertisement in the counties where it provides service in qualifying newspapers published and of general circulation in those counties, and thereafter to file proper certificates of publication with the Commission within thirty (30) days after publication.

On August 26, 2011, the District filed, among other things, the final engineering report of the proposed project along with the project manual and certain drawings.

On September 14, 2011, the District filed Affidavits of Publication confirming publication of the Notice of Filing as a Class I legal advertisement in the Ritchie Gazette and The Cairo Standard, a qualified newspaper published and of general circulation in Ritchie County, on August 31, 2011, and in The Calhoun Chronicle/Grantsville News, a qualified newspaper published and of general circulation in Calhoun County, on September 1, 2011. The statutory protest period expired on October 3, 2011. As of today's date, no protest has been filed with the Commission regarding the project.

On September 22, 2011, Commission Staff filed an Initial Joint Staff Memorandum recommending that the case be referred to the Division of Administrative Law Judges. Staff also advised the Commission that its substantive recommendation would be timely filed.

On October 5, 2011, the Commission entered a Procedural Order referring this matter to the Division of Administrative Law Judges with a decision due date of February 6, 2012.

On November 16, 2011, the District filed revised pages to its previously filed Rule 42 exhibit.

On November 22, 2011, Commission Staff filed a Final Joint Staff Memorandum recommending approval of the certificate application subject to certain conditions.

Also on November 22, 2011, the Commission's Executive Secretary sent a copy of the Final Joint Staff Memorandum along with a cover letter to the District advising the District of its right to file a response to the Final Joint Staff Memorandum within ten days of the date noted on the cover letter. As of today's date, no response to the Final Joint Staff Memorandum has been file by the District.

#### DISCUSSION

The proposed project has a potential to serve approximately 55 new customers, although it is estimated that the District will serve at least 44 customers upon its completion. As a sale for resale customer, the District purchases its supply from the Town of Grantsville. The District's Engineering Report confirms that the Town of Grantsville's treatment plant has adequate supply to serve the proposed extension.

The need for the project has been established by the District's Engineering Report. The customers and areas to be served by the project have petitioned the District for service as their private water sources are inadequate for their needs in quantity and quality. In addition to increasing water service quantity and quality to under-served areas, the project, once constructed, will provide reliability in service to the Pleasant Hill Elementary School, which experiences frequent outages, and the construction of the new tank will provide additional storage that will enhance fire protection service on the system.

The project is fully funded by a loan from the Rural Utilities Service in the amount of \$350,000 with terms of 2.75% interest for 40 years and grants from the Rural Utilities Service and from Small Cities Block in the amounts of \$400,000 and \$1,465,000, respectively. As a result of the project, the District's operation and maintenance expenses will increase by \$11,774 which takes into consideration the increase in purchased water from the Town of Grantsville. The rates generated by the new users will be approximately \$17,865. Along with the revenues obtained from the existing customers, the District will have a cash surplus of \$779 and debt service coverage of 123%, making the project financially feasible.

Funding commitment letters for the project are contained in the case file along with the requisite permits from the Office of Environmental Health Services, i.e., Permit Nos. 18,420 and 18,702, issued on October 9, 2009, and November 12, 2010, respectively, evidencing the agency's approval of the proposed construction.

Commission Staff filed its final substantive recommendation on November 22, 2011, recommending approval of the project subject to certain conditions. The District did not object to Staff's recommendation. Although no rate increase was requested, Commission Staff prepared a revised recommended tariff for the District to clean up various items in the existing tariff. The Staff revisions do not increase any rates or charges.

#### FINDINGS OF FACT

1. On August 24, 2011, a verified application for a certificate of public convenience and necessity was filed by the Pleasant Hill Public Service District seeking the Commission's consent and approval under West Virginia Code §24-2-11 to construct water system improvements at Smithville and Pleasant Hill in Ritchie and Calhoun Counties at an estimated cost of approximately \$2,215,000 to be financed by a Rural Utilities Service Loan in the amount of \$350,000 with terms of 2.75% for a period of 40 years; a Rural Utilities Service Grant in the amount of \$400,000; and a Small Cities Block Grant in the amount of \$1,465,000. The District does not have any resale customers. As a result of the proposed project, the District does not anticipate an increase in rates and charges for its customers. (See, application and supporting documentation filed on August 24, 2011, by the District).

2. The Notice of Filing of the project was published as a Class I legal advertisement in the Ritchie Gazette and The Cairo Standard, a qualified newspaper published and of general circulation in Ritchie County, on August 31, 2011, and in The Calhoun Chronicle/Grantsville News, a qualified newspaper published and of general circulation in Calhoun County, on September 1, 2011. The statutory protest period expired on October 3, 2011. As of today's date, no protest has been filed with the Commission regarding the project. (See, Affidavits filed on September 14, 2011; case file generally).

3. The need for the project was established by the District's Engineering Report which confirmed that the residents in the area of the project have petitioned for water service; the private water sources serving the area are inadequate as to quality and quantity; the project

will enable the District to provide reliability in service, particularly to the Pleasant Hill Elementary School, which experiences frequent outages; and the new tank to be constructed will provide additional storage for fire protection. (See, Final Joint Staff Memorandum filed on November 22, 2011).

4. As a result of the project, operation and maintenance costs are estimated to increase by \$11,000, annually. However, once adjusted for the increase in purchased water costs, operation and maintenance costs will be \$11,774. (See, Final Joint Staff Memorandum filed on November 22, 2011).

5. The State Office of Environmental Health Services issued Permit Nos. 18,240 and 18,702 for the project on October 9, 2009, and November 12, 2010, respectively, evidencing the agency's approval of the proposed construction. Funding commitment letters are also contained in the case file. (See, Final Joint Staff Memorandum filed on November 22, 2011; verified application filed on August 24, 2011).

6. Rates will not increase as a result of the project and the 44 customers estimated to be served by the project will generate sufficient revenues to provide a cash surplus of \$799 and debt service coverage of 123%. (See, Final Joint Staff Memorandum filed on November 22, 2011, and Cash Flow Analysis, Schedule 4, attached thereto).

7. Commission Staff filed its final substantive recommendation on November 22, 2011, recommending approval of the project subject to certain conditions. The District did not object to Staff's recommendation. (See, Final Joint Staff Memorandum and cover letter sent to District by Executive Secretary on November 22, 2011; case file generally).

#### CONCLUSIONS OF LAW

1. It is reasonable to approve the certificate, subject to the conditions stated by Staff, since the project is necessary to provide service to areas that have water quantity and quality issues; the project is fully funded; and customer rates will not increase as a result of the project.

2. The certificate will be granted without hearing since the Notice of Filing was published in qualified newspapers, published and of general circulation in Calhoun and Ritchie Counties, without protest being received, and the District does not object to Staff's recommendations although provided with an opportunity to do so.

#### ORDER

IT IS, THEREFORE, ORDERED that the verified certificate application filed by the Pleasant Hill Public Service District on August 24, 2011, with the Commission requesting approval to install and construct certain improvements to the District's water system at a cost of \$2,215,000 be, and it hereby is, granted, subject to the conditions stated herein.

IT IS FURTHER ORDERED that the funding for the project, consisting of a Rural Utilities Service Loan in the amount of \$350,000 with terms of 2.75% for a period of 40 years; a Rural Utilities Service Grant in the amount of \$400,000; and a Small Cities Block Grant in the amount of \$1,465,000, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the rates and charges attached hereto as Appendix A, be, and they hereby are, approved for all service provided by the District on and after the date that this Order becomes final.

IT IS FURTHER ORDERED that the District file an original and at least five (5) copies of its approved rates and charges no later than thirty days from the date that this Order becomes final.

IT IS FURTHER ORDERED that the 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 District follow all applicable rules and regulations of the Department of Highways regarding those rights-of-way.

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 by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

  
Meyishi Pearl Blair  
Administrative Law Judge

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PLEASANT HILL PUBLIC SERVICE DISTRICT  
CASE NO. 11-1241-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (customers with metered water supply)

First	3,000 gallons used per month	\$9.75 per M gallons
Next	3,000 gallons used per month	\$9.49 per M gallons
Next	4,000 gallons used per month	\$7.66 per M gallons
Next	10,000 gallons used per month	\$6.80 per M gallons
All Over	20,000 gallons used per month	\$4.65 per M gallons

MINIMUM CHARGE

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

5/8 -inch meter	\$ 19.50 per month
3/4 -inch meter	\$ 29.25 per month
1 -inch meter	\$ 48.75 per month
1-1/4 -inch meter	\$ 71.18 per month
1-1/2 -inch meter	\$ 97.50 per month
2 -inch meter	\$156.00 per month
3 -inch meter	\$312.00 per month
4 -inch meter	\$487.50 per month
6 -inch meter	\$975.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

RECONNECTION - \$20.00

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

LEAK ADJUSTMENT

\$4.21 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.





\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012

RUS CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

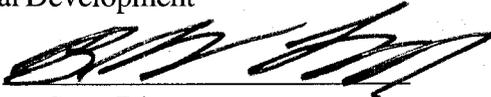
United States of America, Rural Development (the "Government"), represents that it is the sole and only registered owner of the bonds dated October 2, 1989, March 9, 1994, and April 8, 2004, in the amounts of \$236,000, \$130,000 and \$150,000, respectively, authorized by resolutions dated October 2, 1989, March 3, 1994, and March 19, 2004, respectively (collectively, the "Prior Bonds").

The Government does hereby consent to the issuance by the Pleasant Hill Public Service District, Five Forks, West Virginia (the "Issuer"), of its parity Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012 in the amount of \$350,000 (the "Series 2012 Bond") as described above, to be sold to the Government. The Government hereby further consents that the Series 2012 Bond may be payable from the revenues of the water system of the Issuer and otherwise secured on parity with the Prior Bonds.

By the execution of this consent, the undersigned hereby certifies that she is fully empowered and authorized to execute this consent on behalf of the Government.

WITNESS my signature as of the 28<sup>th</sup> day of June, 2012.

UNITED STATES OF AMERICA  
UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Development

By: 

State Director



**GOODWIN**

Goodwin & Goodwin, LLP  
P.O. Box 2107  
Charleston, WV 25328-2107

300 Summers Street  
Suite 1500  
Charleston, WV 25301-1678

**COPY**  
T (304) 346-7000  
F (304) 344-9692  
www.goodwingoodwin.com

June 21, 2012

Ms. Sara Boardman, Executive Director  
West Virginia Municipal Bond Commission  
1207 Quarrier Street, Suite 401  
Charleston, WV 25301

Re: Pleasant Hill Public Service District, Water Revenue Bond, Series 2012

Dear Sara:

Enclosed please find a New Issue Report Form that has been prepared in connection with the above-referenced transaction and sent to you for filing in your office in regard to the same. Upon completion of the transcript, we will forward a copy to you for your reference.

If you have any questions concerning this filing, please feel free to contact me.

Sincerely yours,



William K. Bragg, Jr.

WKB/aks  
Enclosure

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

NEW ISSUE REPORT FORM  
Date of Report: June 21, 2012

ISSUE: Pleasant Hill Public Service District, Water Revenue Bond  
(Kight Knob Storage Tank Project), Series 2012  
ADDRESS: 122 Nobe Road  
Five Forks, WV 26136 COUNTY: Calhoun  
PURPOSE: New Money X  
OF ISSUE: Refunding      Refunds issue dated: N/A  
ISSUE DATE: June 28, 2012 CLOSING DATE: June 28, 2012  
ISSUE AMOUNT: \$350,000 RATE: 2.00%  
1ST DEBT SERVICE DUE: July 28, 2012 1ST PRINCIPAL DUE: July 28, 2014  
1ST DEBT SERVICE AMT.: \$140.42\* PAYING AGENT: Municipal Bond Comm.\*\*

BOND COUNSEL: Goodwin & Goodwin, LLP LENDER: US Dep't. of Agriculture  
Contact Person: W.K. Bragg, Jr. Contact Person: Virginia McDonald  
Phone: (304) 346-7000 Phone: (304) 372-6231, Ext. 4

KNOWLEDGEABLE ISSUER CONTACT:  
Contact Person: Dale Cunningham  
Position: Chairman  
Phone: (304) 354-7752

-----DEPOSITS TO MBC AT CLOSE:-----  
By      Wire      Accrued Interest: \$     0  
     Check      Capitalized Interest: \$     0  
          Reserve Account: \$     0  
          Other:                      \$                     

-----REFUNDS & TRANSFERS BY MBC AT CLOSE:-----  
By      Wire      To Escrow Trustee: \$     N/A  
     Check      To Issuer: \$     N/A  
     IGT      To Cons. Invest. Fund: \$     N/A  
          Other:                      \$                     

Notes: \* Subject to actual amount advanced at closing.  
\*\* Only if Lender no longer owns the Bonds.

Notes: \_\_\_\_\_  
FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS  
REQUIRED: \_\_\_\_\_  
TRANSFERS  
REQUIRED: \_\_\_\_\_



\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012

No. R-1

Date: June 28, 2012

FOR VALUE RECEIVED, the PLEASANT HILL PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Calhoun County, in Calhoun County, West Virginia (herein called "Issuer"), hereby 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 Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000), plus interest on the unpaid principal balance at the rate of two and 00/1000 percent (2.00%) 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 (24) months after the date hereof, and \$1,099.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, 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 Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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 of improvements to a water system (the "System") of the Issuer, 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 Issuer 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 Issuer, 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 Bond Legislation, 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, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer 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, Issuer 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 Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1989, THE WATER SYSTEM REVENUE BOND, SERIES 1994, AND THE WATER REVENUE BOND, SERIES 2004 OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SERIES.

The initial address of Government for purposes of bond registration is 1550 Earl Core Road, Suite 101, Morgantown, WV 26505.

IN WITNESS WHEREOF, the PLEASANT HILL 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.

PLEASANT HILL PUBLIC SERVICE DISTRICT

(SEAL)

By: Dale Cough  
Chairman  
122 Nobe Road  
Five Forks, WV 26136

ATTEST:

By: Robert Beatty  
Secretary

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$84,254.39	6/28/12	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

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:

\_\_\_\_\_



2017 05/20/07

Approved by the Board of Directors

IN EXISTENCE OF RECORD

### UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT OF FILER [optional] William K. Bragg, Jr. 304-346-7000	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)  William K. Bragg, Jr. Goodwin & Goodwin, LLP 300 Summers Street, Suite 1500 Charleston, WV 25301	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME Pleasant Hill Public Service District						
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 122 Nobe Road			CITY Five Forks	STATE WV	POSTAL CODE 26136	COUNTRY USA
1d. TAX ID #: SSN OR EIN 55-0543304	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Public	1f. JURISDICTION OF ORGANIZATION WV	1g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE		

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME						
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY USA
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE		

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME United States Department of Agriculture, Rural Development						
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS P.O. Box 678			CITY Morgantown	STATE WV	POSTAL CODE 26505	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:  
 Statutory mortgage lien on accounts, revenues, water system and other property as provided by Bond Resolution authorizing the issuance by Pleasant Hill Public Service District of its \$350,000 Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012, and by Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

This Financing Statement is filed in connection with a public-finance transaction of the Pleasant Hill Public Service District, Calhoun County, West Virginia. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, this Financing Statement shall be effective for a period of forty (40) years from its date of filing, unless the underlying debt is repaid sooner.

5. ALTERNATIVE DESIGNATION [if applicable]:	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [OPTIONAL FEE]		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2	
8. OPTIONAL FILER REFERENCE DATA						

# UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME  
 Pleasant Hill Public Service District

OR

9b. INDIVIDUAL'S LAST NAME      FIRST NAME      MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME      FIRST NAME      MIDDLE NAME      SUFFIX

11c. MAILING ADDRESS      CITY      STATE      POSTAL CODE      COUNTRY

11d. TAX ID #: SSN OR EIN      ADD'L INFO RE ORGANIZATION DEBTOR      11e. TYPE OF ORGANIZATION      11f. JURISDICTION OF ORGANIZATION      11g. ORGANIZATIONAL ID #, if any  NONE

12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME      FIRST NAME      MIDDLE NAME      SUFFIX

12c. MAILING ADDRESS      CITY      STATE      POSTAL CODE      COUNTRY

Morgantown

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  fixture filing.

14. Description of real estate:

16. Additional collateral description:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

17. Check only if applicable and check only one box.  
 Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

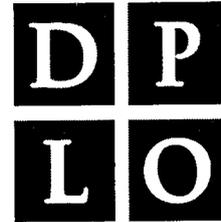
18. Check only if applicable and check only one box.  
 Debtor is a TRANSMITTING UTILITY  
 Filed in connection with a Manufactured-Home Transaction — effective 40 years  
 Filed in connection with a Public-Finance Transaction — effective 40 years



# DREW PATTON

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## *Law Office*



210 Court Street  
Spencer, WV 25276

Phone: (304) 927-1900

Fax: (304) 927-1919

[drewpattonlawoffice@yahoo.com](mailto:drewpattonlawoffice@yahoo.com)

June 28, 2012

**United States of America**

*United States Department of Agriculture,  
Rural Development  
530 Freedom Road  
Ripley, WV 25271*

**Pleasant Hill Public Service District**

122 Nobe Road  
Five Forks, WV 26136

Re: \$350,000 Pleasant Hill Public Service District  
Water Revenue Bond (Kight Knob Storage Tank Project),  
Series 2012

Gentlemen:

As attorney for the Pleasant Hill Public Service District, Calhoun County, West Virginia (the "District"), I have examined the record of proceedings relating to the issue of the Pleasant Hill Public Service District, Water Revenue Bond, Series 2012 (the "Bond") and have considered the validity of the bond issue. In this connection, I have examined and am familiar with the Constitution and statutes of the State of West Virginia, including Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended, the Orders of the Calhoun County Commission creating, expanding and contracting the District, related minutes and a certified copy of the Resolution passed by the District (the "Resolution"), a copy of the certificate of convenience and public necessity issued by the West Virginia Public Service Commission, the water rates necessary to pay for the Bond as described in the Resolution, copies of contracts and other documents relating to the funding and approval for the project by the District, including but not limited to the construction contract, plans and specifications, and other documents relating to the project, the Letter of Conditions forwarded by the United States Department of Agriculture, Rural Development to the District, and other documents incidental and material to the issuance by the District of the Bond. From such familiarity and examination, I am of the opinion as follows:

1. The District is a duly created and presently existing public service district of the State of West Virginia with full power and authority to construct and acquire and to operate and maintain the Water System and to issue and sell the Bond, all under the provisions of Chapter 16, Article 13A (the "Act"), of the West Virginia Code of 1931, as amended, and other applicable provisions of law.

2. The District, through its Board, has legally and effectively enacted the Resolution and has duly authorized the issuance and delivery of the Bond to the United States of America, and the Chairman of the Board is duly and lawfully entitled and authorized to execute the Bond.

3. The Bond constitutes a valid and legally enforceable special obligation of the District secured by and payable solely from a parity lien on and pledge of the net revenues of the System on parity with the 1989 Bond, the 1994 Bond and the 2004 Bond (collectively, the "Prior Bonds"), as described in the Resolution, all in accordance with the terms of the Bond and the Resolution.

4. The District, through its Board, has legally and effectively enacted the water rates necessary to make the payments on the Bond and the Prior Bonds from the rates described in the Resolution, and it has lawfully enacted and has filed a tariff which has been approved by the West Virginia Public Service Commission for the water rates that are described in the Resolution.

5. The District has obtained from the West Virginia Public Service Commission a valid, final and non-appealable certificate of convenience and necessity under Case No. 11-1241-PWD-CN which lawfully authorizes the District to proceed with the construction and operation of the District's Water System and approval of and issuance of the Bond.

6. The District, through its Board, has legally and effectively enacted all other resolutions, contracts and agreements that are necessary to comply with the letter of conditions previously forwarded and conditions required in the letter of conditions as well as complied with all necessary provisions of the Resolution necessary before the Bond may be issued and delivered and that the Bond can in fact be lawfully issued and delivered.

7. The execution and delivery of the Bond and the enactment of the Resolution and compliance with the provisions of them will not conflict with nor constitute a breach of or default under any agreement or other instrument known to me to which the District is a party, or any court order or consent decree known to me to which the District is subject, or any law or administrative regulation to which the District is subject.

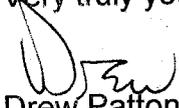
8. All authorizations, consents, approvals and reviews by governmental bodies or regulatory authorities then required for the District's adoption, execution or performance of the Bond and the Resolution have been obtained or affected, and I have no reason to believe that the District will be unable to obtain or affect any additional such authorizations,

consents or approvals that may be required in the future for performance of any of them by the District.

9. As to my knowledge, there is no action, suit, proceeding or investigation at law or in equity by any court, public board or body, pending or threatened against or affecting the District or any member of the Board, and no facts exist relating to the composition of the Board or the exercise of their duties, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the validity of the Bond or the Resolution.

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bond and in the Bond Resolution may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Very truly yours,

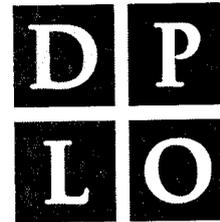
  
Drew Patton



# DREW PATTON

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## *Law Office*



210 Court Street  
Spencer, WV 25276  
Phone: (304) 927-1900  
Fax: (304) 927-1919

June 28, 2012

**Pleasant Hill Public Service District**  
Five Forks, West Virginia

**United States Department of Agriculture**  
**Rural Development**  
Morgantown, West Virginia

**Goodwin & Goodwin, LLP**  
Charleston, West Virginia

Re: Final Title Opinion for Pleasant Hill Public Service District

Ladies and Gentlemen:

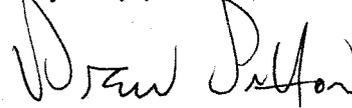
I am counsel to Pleasant Hill Public Service District (the "Issuer") in connection with a proposed project to construct certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the United States Department of Agriculture for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public corporation possessed with all the powers and authority granted to public corporations under the laws of the State of West Virginia to construct, operate and maintain the Project.
2. The Issuer has obtained all necessary permits and approvals for the construction and operation of the Project.
3. I have investigated and ascertained the location of, and we are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Boyles and Hildreth.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Calhoun County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way that have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Calhoun County to protect the legal title to and interest of the Issuer.

Very truly yours,

A handwritten signature in black ink, appearing to read "Drew Patton". The signature is written in a cursive style with a large initial "D".

DREW PATTON



June 28, 2012

Pleasant Hill Public Service District  
122 Nobe Road  
Five Forks, WV 26136

United States Department of Agriculture  
Rural Development  
530 Freedom Road  
Ripley, WV 25271

Re: \$350,000 Pleasant Hill Public Service District  
Water Revenue Bond (Kight Knob Storage Tank Project)  
Series 2012

Ladies and Gentlemen:

We have served as bond counsel for the above-referenced bond, and we have examined a record of proceedings relating to the issuance by the Pleasant Hill Public Service District (the "Issuer") of its \$350,000 Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012, bearing interest at the rate of two and 00/100 percent (2.00%) per annum, and dated the date hereof (the "Bond").

The Bond has been authorized by a resolution (the "Bond Resolution") duly adopted by the Public Service Board of the Issuer, which is the governing body of the Issuer.

Interest only on the Bond is payable in monthly installments for the twenty four (24) months after delivery of the Bond and thereafter the principal of and interest on the Bond is payable in monthly installments of \$1,099.00 to and including the 480th month after the date of the Bond, the final installment to be in the sum of the unpaid principal and interest due on the date thereof.

Principal installments upon the Bond are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the Bond provide that the issue is for the purpose of financing the costs of construction and acquisition of the improvements and additions to an existing water system (the "System") of the Issuer and for payment of costs of issuance of the Bond.

June 28, 2012

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Upon issuance of the Bond, the Issuer has outstanding the 1989 Bond, the 1994 Bond, the 2004 Bond and the Bond, all as described in the Bond Resolution.

We have relied, in part, upon the opinion letter of Drew Patton, attorney to the Issuer, and the General Certificate of the Issuer and attorney for the Issuer.

It is our opinion that:

1. The Issuer is duly organized and presently existing public service district and is a public corporation and a political subdivision of the State of West Virginia with full power and authority to construct, acquire, operate and maintain the System and issue and sell the Bond, all under the provisions of Chapter 16, Article 13A (the "Act") of the Code of West Virginia of 1931, as amended, and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Bond Resolution in connection with the bond issue and issued, sold and delivered the Bond to the United States of America, Rural Development.

3. As of this date, the Bond is in due and proper form, has been duly executed and delivered and constitutes a valid and legally enforceable special obligation of the Issuer. The Bond is secured by a statutory mortgage lien, on parity with the 1989 Bond, the 1994 Bond and the 2004 Bond, as described in the Bond Resolution. The Bond is payable from a pledge of the net revenues of the System, which pledge is on parity with the pledge granted to the 1989, 1994 and 2004 Bonds, all in accordance with the terms of the Bond and the Bond Resolution.

4. Under existing statutes and court decisions, as presently written and applied, interest on the Bond is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes

June 28, 2012

Page 3

retroactive to the date of issuance of the Bond. We express no opinion herein regarding other tax consequences arising with respect to the Bond.

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

Respectfully submitted,

*Goodwin + Goodwin, LLP*  
GOODWIN & GOODWIN, LLP



RESOLUTION AUTHORIZING THE ISSUANCE OF A \$236,000 WATER REVENUE BOND (EXTENSION PROJECT), SERIES 1989, OF PLEASANT HILL PUBLIC SERVICE DISTRICT JUNIOR & SUBORDINATE TO THE REVENUE BOND SERIES 1971, TO FINANCE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDER OF THE INTERIM FINANCING NOTE AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PLEASANT HILL 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 Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law, and a resolution (the "Prior Resolution") of Pleasant Hill Public Service District (the "Issuer") adopted on March 23, 1972. The Issuer is a public service district of Calhoun County, West Virginia, created pursuant to the Act by the County Commission of Calhoun County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the meanings set forth in the Prior Resolution, and in addition the following terms shall have the following meanings herein unless the context otherwise expressly requires:

"Bond" means the \$236,000 Water Revenue Bond (Extension Project), Series 1989, authorized hereby.

"Bonds" means collectively the Bond and the Revenue Bond Series 1971.

"Consulting Engineer" means AE Associates, LTD., P. O. Box 607, Charleston, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FmHA Grant" means the grant from the Purchaser in the amount of \$360,000 to be paid to the Issuer during construction of the Project.

"Herein" means in this Resolution.

"Issuer" means Pleasant Hill Public Service District, of Calhoun County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Notes" means the grant anticipation notes of the Issuer as defined in Section 3.01 hereof.

"Prior Resolution" means the Resolution adopted by the Pleasant Hill Public Service District on March 23, 1972, authorizing the issuance of the Revenue Bond Series 1971.

"Project" means the acquisition and construction of an extension to the existing waterworks system of the Issuer known as the Extension Project to be financed with the proceeds of the sale of the Series 1989 Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

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

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto awarding the Bond as herein contemplated.

"1971 Resolution" means the Resolution of the Issuer authorizing the issuance of the 1971 Bonds.

"Revenue Bond Series 1971" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1989 Bond Reserve Account" means the Water Revenue Bond (Extension Project), Series 1989 Reserve Account created and established by Section 4.02B hereof.

"Series 1989 Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Bond in the then current or any Fiscal Year.

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

Section 1.03. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The area to be served does not have a waterworks system. The residents of that area urgently need water service and have requested the Issuer to provide such water service.

(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 a waterworks extension of the Issuer, particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary 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 \$236,000 to finance a portion of the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$1,096,000 of which \$236,000 will be obtained from the proceeds of the sale of the Bond herein authorized; \$360,000 will be obtained from the proceeds of a grant from the Purchaser, and the balance of \$500,000 will be contributed by the Ritchie County Commission from Small Cities Block Grant Funds.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; 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.

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

(G) The only outstanding obligation of the Issuer which will rank senior and prior to the Bond as to liens and source of and security for payment is the Revenue Bond, Series 1971, dated March 23, 1972, issued in the original principal amount of \$113,000.00, bearing interest at the rate of 5-3/4% per annum (the "Series 1971 Bond").

(H) The Issuer has complied with all requirements of the law of West Virginia and the Prior Resolution 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, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of Section 4.04 of the Prior Ordinance, additional junior and subordinate bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the 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.

## ARTICLE II

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

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Extension Project), Series 1989", is hereby authorized to be issued in the principal amount of \$236,000, for the purpose of financing in part the costs 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, fully registered to Farmers Home Administration and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 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. Negotiability, Registration, Transfer and Exchange of Bond. 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 the 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 or Bonds 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 Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Secretary shall 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.

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. Mutilated, Destroyed, Stolen or Lost Bond. In case the Bond shall become mutilated, 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. 1989 Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bond shall not be or constitute an indebtedness of the Members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund junior and subordinate to the lien thereon of the Revenue Bond Series 1971, in addition to the statutory mortgage lien on the system hereinafter provided for. 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, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the 1989 Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.09. 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)

WATER REVENUE BOND (EXTENSION PROJECT),  
SERIES 1989

PLEASANT HILL PUBLIC SERVICE DISTRICT

\$236,000.00

No. R-1

Date: \_\_\_\_\_, 1989

PLEASANT HILL PUBLIC SERVICE DISTRICT (the "Issuer"), for value received, promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of \$236,000.00, 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: 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 \$1,159.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, 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 hereof is not advanced at the time of closing, the proceeds hereof 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 hereon 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 Issuer. Refunds and extra payments, as defined in the regulations of the Purchaser 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 Issuer to pay the remaining installments as scheduled herein.

If the Farmers Home Administration at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the Farmers Home Administration as collection agent for the Holder.

While this Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser 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 Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser 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 Purchaser 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 Purchaser 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 Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing 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 such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, 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 constitute an indebtedness of the Issuer within 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 Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, 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 Secretary of the Issuer..

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 Code of West Virginia of 1931, as amended (herein called the "Act") and Resolutions of the Issuer adopted on March 23, 1972 and on October 2, 1989.

If at any time it shall appear to the Purchaser that Issuer 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, Issuer will, at the Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Bond is given as evidence of a loan to Issuer made or insured by the Purchaser 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.

(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 or Registrar</u>
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_____, 1989	United States of America, Farmers Home Administration P. O. Box 678 Morgantown, WV 26505	_____
_____	_____	_____
_____	_____	_____

## ARTICLE III

### INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$250,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the grant receipts, surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. 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, if any, of the Issuer 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, not 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 in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not

to exceed \$860,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

#### ARTICLE IV

##### BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in The Calhoun County Bank, Grantsville, West Virginia (the "Bank"), a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Pleasant Hill Public Service District Construction Account" (the "Account"). The moneys in the 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 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 Account and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the 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 Account exceed the estimated disbursements on account of the Project for the ensuing ninety (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 State of America ("Government Obligations"), which shall mature not later than eighteen (18) 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 Account.

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

Section 4.02. 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 Series 1989 Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the 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 the Revenue Fund established by the Prior Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolution and 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. The holder of the Bond shall have a lien on and a pledge, hereby granted, of all the Revenues of the System, as herein provided, and a statutory mortgage lien granted by the Act, as long as the Bond remains unpaid, junior and subordinate in all respects to the lien thereon and pledge thereof for the benefit of the holders of the Revenue Bond Series 1971.

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

(1) The Issuer shall first each month pay from the Revenue Fund such sum as the Issuer may determine, in accordance with its budget, to be necessary to pay all current Operating Expenses, as required by the Prior Resolution.

(2) The Issuer shall next, before the end of each month, transfer from the Revenue Fund and remit to the Municipal Bond Commission, for deposit into the Sinking Fund established by the Prior Resolution, one-sixth of the amount required to pay the interest becoming due on the Revenue Bond Series 1971, on the next interest payment date and one-twelfth of the amount of principal of the Revenue Bond Series 1971 maturing on the next principal maturity date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the West Virginia Municipal Bond Commission, for deposit into the Reserve Account established in the Sinking Fund by the Prior Resolution, 75% of the moneys remaining in the Revenue Fund until the amount in the Reserve Account equals the maximum annual aggregate amount of interest and principal which will fall due on the Revenue Bond Series 1971 outstanding. After such amount has been accumulated in the Reserve Account, the Issuer shall monthly remit to the Municipal Bond Commission such part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on the Revenue Bond Series 1971, as the same shall mature or for mandatory redemption of the Revenue Bond Series 1971, as provided in the Prior Resolution and for no other purpose.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the West Virginia Municipal Bond Commission the moneys remaining in the Revenue Fund, and not permitted to be retained therein, for deposit in the Replacement and Improvement Reserve Account established with the Municipal Bond Commission by the Prior Resolution, until there has been accumulated therein the sum required to be maintained therein by the Prior Resolution, and thereafter, such sums as shall be required to maintain such amount therein.

(5) The Issuer shall next, after any required payments into the Reserve Fund established under the Prior Resolution, 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.

(6) The Issuer shall next, by the fifteenth day of each month beginning with and including the month in which the first principal installment is due upon the Series 1989 Bond, transfer from the Revenue Fund and deposit in an account to be designated the "Series 1989 Bond Reserve Account" which is hereby established with the Bank, one-twelfth of one-tenth of the annual amount of interest and principal which will fall due on the Bond until the amount in the Series 1989 Bond Reserve Account is equal to the Series 1989 Bond Reserve Requirement. After the Series 1989 Bond Reserve Requirement has been accumulated in the Series 1989 Bond Reserve Account, the Issuer shall deposit monthly into the Series 1989 Bond Reserve Account 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 Series 1989 Bond Reserve

Requirement. Moneys in the Series 1989 Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1989 Bond as the same shall become due, for prepayment of installments on the Series 1989 Bond or for mandatory prepayment of the Series 1989 Bond as provided in the Prior Resolution and herein, and for no other purpose.

(7) 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 Bonds or for any lawful purpose.

Whenever the moneys in the Series 1989 Bond Reserve Account 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 Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Account, the Series 1989 Reserve Account and the Repair and Replacement Fund as herein provided, and all amounts required therefor will be deposited 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. 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. The 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.

The Fiscal Agent shall keep the moneys in the Reserve Account, the Series 1989 Bond Reserve Account and the Repair and Replacement Fund 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, United States of America. Earnings upon moneys in the Reserve Account and the Series 1989 Bond Reserve Account, so long as the Reserve Requirement and the Series 1989 Bond Reserve Requirement are on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Account, the Series 1989 Bond Reserve Account and the Repair and Replacement Fund if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer shall, prior to delivery of the Bond, obtain user agreements from not less than 119 new bona fide full time users, and shall collect from such users, and deposit in the Construction Account, not less than \$11,900, based on a connection fee of \$100.00. In addition, the Issuer shall, prior to delivery of the Bond, provide certification stating that there will be not less than 474 bona fide users being serviced by the System when the proposed extension has been completed and placed in operation.

## ARTICLE V

### GENERAL COVENANTS

Section 5.01. General Statement. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account and the Series 1989 Bond Reserve Account a sum sufficient to prepay the entire principal of the 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 Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of

the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the Indenture or supplemental resolution; provided, that Section 5.04 shall not be applied to the Notes.

Section 5.02. Covenants of Prior Resolution  
Applicable. All covenants and provisions of the Prior Resolution except for any and all covenants relating to arbitrage and except those specifically herein modified shall apply equally and ratably to the Bond.

Section 5.03. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.04. 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 for the benefit of the Bond junior and subordinate to the Revenue Bond Series 1971.

Section 5.05. Interim Financing. 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 and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from bond proceeds, grant receipts, surplus revenues and proceeds of a letter of credit, if any, all as shall be set forth in an indenture or a supplemental resolution authorizing the Notes.

Section 5.06. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to

applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 5.08. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided below and in an indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

#### ARTICLE VI

#### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the System shall initially be those now on file with the Public Service Commission of West Virginia.

#### ARTICLE VII

#### MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any Resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board 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 7.03. Severability of Invalid Provision. 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.

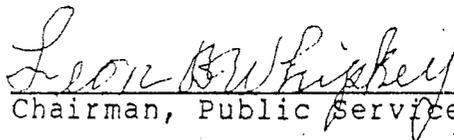
Section 7.04. Conflicting Provisions Repealed. All Resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and the Prior Resolution.

Section 7.05. 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 7.06. 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 final enactment and passage 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, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

This Resolution shall become effective immediately upon its adoption.

Adopted October 2, 1989.

  
Chairman, Public Service Board

5613P

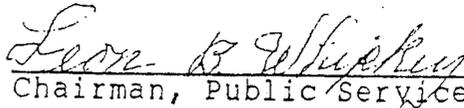
SUPPLEMENTAL RESOLUTION

1. By Bond Resolution adopted October 2, 1989, this District issued its Registered Bond in the principal amount of \$236,000 to Farmer's Home Administration of the United States Department of Agriculture.

2. The Resolution contemplates the approval of an interim financing contract by this supplemental resolution.

Therefore be it resolved that the District enter into a Credit Agreement with The Calhoun County Bank, a copy of which is annexed hereto, and the officers of the District be and they are hereby authorized and empowered to execute the same on behalf of the District.

Adopted October 2, 1989.

  
Chairman, Public Service Board

CERTIFICATION

I, Donald Stevens, Secretary of the Public Service Board of the Pleasant Hill Public Service District, Wood County, West Virginia, do hereby certify that the foregoing is a true and accurate copy of the Supplemental Resolution adopted by the Public Service Board on October 2, 1989, authorizing the execution of a Credit Agreement with The Calhoun County Bank, Grantsville, West Virginia.

Given under my hand and seal of Pleasant Hill Public Service District this 2nd day of October, 1989.

[SEAL]

  
Secretary

5616P



PLEASANT HILL PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF \$130,000 WATER SYSTEM REVENUE BOND (BIG BEND EXTENSION PROJECT), SERIES 1994 OF PLEASANT HILL PUBLIC SERVICE DISTRICT, ON A PARITY WITH 1989 BOND AND JUNIOR AND SUBORDINATE TO 1971 BOND, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN BETTERMENTS AND IMPROVEMENTS AND EXTENSION OF AN EXISTING PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PLACING LIMITS ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDER OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; CONFIRMING RATES; PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PLEASANT HILL 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, as amended (the "Act") and other applicable provisions of law.

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

A. Pleasant Hill Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Calhoun County.

B. The Issuer now has a public water system and desires to improve and expand that system and 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 improvements, expenditures, extensions and betterments to the existing public water system of the Issuer known as the "System" by an extension of water lines, and (sometimes referred to herein as the "System"), with all necessary appurtenant facilities (the "Project"), and generally described as waterline extensions, booster stations, a storage tank and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary-Treasurer of the Public Service Board (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 bonds in the aggregate principal amount of \$130,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project \$645,000, of which \$130,000 will be obtained from the proceeds of sale of the Series 1994 Bond herein authorized, \$40,000 from a FmHA grant and \$475,200 from the Appalachian Regional Commission ("ARC"). 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 (6) 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 refunding and the financing authorized hereby.

E. The period of usefulness of the System after completion of the Project is not less than forty (40) years.

F. There are currently outstanding other obligations of the Issuer with which the Bond will rank either junior and subordinate or on a parity with as to lien and source of and security for payment as follows:

(i) Water Revenue Bond of the Issuer, dated January 1, 1971 (the "1971 Bond") issued in the original principal amount of \$113,000 secured under the terms of the 1971 Resolution (hereinafter defined) as to which the Bond will rank junior and subordinate.

(ii) Water Revenue Bond of the Issuer, dated October 2, 1989 (the "1989 Bond") issued in the original principal amount of \$236,000 secured under the terms of the 1989 Resolution (hereinafter defined) as to which the Bond will rank on a parity.

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 lien, pledge and/or source of and security for payment.

G. The Issuer is not in default under the terms of the 1971 or 1989 Bonds or the 1971 or 1989 Resolutions or any document in

connection therewith, and the Issuer has complied with all

requirements of all the foregoing with respect to the issuance of subordinate or parity bonds or has obtained a sufficient and valid waiver thereof.

H. 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 the costs of the 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.

I. 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 imposition of rates and charges, 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 and has entered into an intergovernmental agreement with the Ritchie County Commission relating to service to a few customers outside the District.

J. It is in the best interests of the Issuer that the Bond be sold to The United States of America, acting through the Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a letter of conditions dated July 31, 1991, and all amendments thereto (collectively, the "Letter of Condition").

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the 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 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 Article 13A, Chapter 16 of the West Virginia Code, as amended.

"Bond" means the \$130,000 Water System Revenue Bond (Big Bend Extention Project), Series 1994, hereby authorized to be issued.

"Bonds" means the Bond, the 1971 and 1989 Bonds.

"1971 Bond" means the outstanding Bond of the Issuer dated

January 1, 1971, described in Section 1.02 (F) (i) herein.

"1989 Bond" means the outstanding Bond of the Issuer dated October 2, 1989, described in Section 1.02(F)(ii) herein.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means AE Associates, LTD, Charleston, 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 hereof to be a part of the cost of acquisition and construction of the Project.

"Depository Bank" means Calhoun County Bank, Grantsville, West Virginia, a bank or trust company which is a member of FDIC and its successors and assigns or such other qualified bank or trust company designated by Issuer.

"Facilities" or "water facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the water system by addition, 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" means in this Resolution.

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

"Issuer" "District" or "Borrower" means Pleasant Hill Public Service District, of Calhoun County, West Virginia, and, where appropriate, also means the Governing Body.

"Letter of Conditions" means the Letter of Conditions of FmHA dated July 31, 1991.

"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 practices, and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Fund which 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", "FmHA", "Farmers Home Administration" or "Government" means United States of America, United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Qualified Investments" means and include any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidence of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation

certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the 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, Inc. or Standard & Poor's Corporation.

"Registrar" or "Bond Registrar" means the Issuer which

usually shall act by its Secretary.

"1971 Resolution" means the resolution providing for the 1971 Bond dated January 1, 1971.

"1989 Resolution" means the resolution providing for the 1989 Bond dated October 2, 1989.

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

"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 principles.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and all existing water 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 System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

"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, and words importing persons shall include firms and corporations; words importing the masculine, feminine or neuter genders shall include any other gender; and any requirement for execution, sealing and/or attestation of the Bond or any certificate or other document by the Secretary shall mean that such Bond, certificate or other document may be executed, sealed and/or attested by an 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 the acquisition and construction of the Project, at an estimated cost of \$645,000, 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 ISSUANCE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer to be known as "Water System Revenue Bond (Big Bend Extension Project), Series 1994" in the principal amount of \$130,000 is hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single registered form, No. R-1, and shall be dated on the date of delivery. The Series 1994 Bond shall bear interest from date, payable monthly at the rate of five percent (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 3.03. 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, and the Chairman and the Secretary are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction. 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 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments 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 3.05 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. No

interest in the

Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Legislation.

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

Section 3.06. Bond 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, her or its 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 the Net Revenues derived from the System and by the statutory mortgage lien on the System hereinafter provided for. 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 on a parity with the 1989 Bond. The Bond and the 1989 Bond shall rank junior and subordinate to the 1971 Bond.

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 any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)  
WATER SYSTEM REVENUE BOND (BIG BEND EXTENSION PROJECT)  
SERIES 1994

PLEASANT HILL PUBLIC SERVICE DISTRICT  
\$130,000

No. R-1  
1994

Date: March 9,

FOR VALUE RECEIVED, PLEASANT HILL PUBLIC SERVICE DISTRICT (herein called "Issuer") promises to pay to the order of The United States of America, acting through the Farmers Home Administration (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 Thirty Thousand Dollars (\$130,000), plus interest on the unpaid principal balance at the rate of five percent (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 (24) months after the date hereof, and \$639 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, 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 Issuer as requested by Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made 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 the principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. 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 Issuer to pay the remaining installments as

scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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, construction, extensions and improvements of a water system (the "System") of the Issuer, 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 Issuer 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 Issuer, 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 Bond Legislation, 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, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act") and a Resolution of the Issuer (the Resolution).

If at any time it shall appear to the Government that Issuer 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, Issuer 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 Issuer 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 JUNIOR AND SUBORDINATE AS TO LIEN AND SOURCE OF PAYMENT TO THE CERTAIN WATER SYSTEM REVENUE BONDS, SERIES 1971, OF THE ISSUER DESCRIBED IN THE 1971 RESOLUTION.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN WATER REVENUE BOND, SERIES 1989, OF THE ISSUER DESCRIBED IN THE 1989 RESOLUTION.

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

IN WITNESS WHEREOF, the PLEASANT HILL 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.

PLEASANT HILL PUBLIC SERVICE  
DISTRICT

[SEAL]

By:  
Chairman  
P.O. Box 25  
Grantsville, WV 26147

ATTEST:

By:  
Secretary

(Form Of)

RECORD OF ADVANCES

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

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

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 1971 Resolution or the 1989 Resolution), 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;
- (2) Project Construction Account;
- (3) Reserve Fund;
- (4) Earnings Fund; and
- (5) Rebate Fund.

Section 4.02. Bond Proceeds; Project Construction Account. All moneys received from the sale of any or all the Bonds shall be deposited on receipt by the Issuer in the Depository Bank, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "\$130,000 Pleasant Hill Public Service District Water System 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 the 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 installment payments 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 ninety (90) days, the Issuer may invest such excess funds in Qualified Investments.

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 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 Revenues and Funds. So long as any of the Bonds 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 Bonds 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" originally established under the 1971 Resolution and which is hereby continued hereunder with the Depository Bank. 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 subject to the provisions of Section 4.04 of the 1971 Resolution not otherwise modified herein:

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bonds), the amount 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 1971 Bonds shall be made first since the 1989 Bond and this Bond are junior and subordinate. All

payments with respect to principal of and interest on the 1989 Bond and this Bond 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.

(3) The Issuer shall next, on each date that payment is made as set forth in (2) 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 which will become due on the Bonds in any year, until the amount in the Reserve Fund equals such maximum amount (the "Reserve Requirement"). After the Reserve Requirement 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 Reserve Requirement. Moneys in the Reserve Fund not required to be transferred to the Earnings Fund pursuant to Section 4.04 of the 1971 Resolution 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.

(4) 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 ("Surplus Revenues"), may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Reserve Fund (other than moneys required to be transferred to the Earnings Fund pursuant to Section 4.04 of the 1971 Resolution) 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 Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund, the Earnings Fund and the Rebate Fund herein provided, and all amounts required for the Reserve Fund 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, except with

respect to the Rebate Fund and Excess Investment Earnings (as defined in the 1971 Resolution) in the Earnings Fund, which shall be held for rebate to the United States free from any such lien or trust, 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 (other than such Excess Investment Earnings in the Earnings Fund and the Rebate Fund as aforesaid) for further securing payment of the Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds. It is to be understood that all funds in the Rebate Fund shall be held free and clear of any such lien or trust and shall only be used for the purposes set forth in the 1971 Resolution notwithstanding anything else herein to the contrary.

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 1971 Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund, the Earnings Fund and the Rebate Fund 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 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 any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the 1971 Resolution, 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 Depository Bank and used for prepayment of the principal of the Bonds; provided, however, notwithstanding any provisions of the 1971 Resolution to the contrary, any amounts remaining in the Earnings Fund following transfer to the Rebate Fund pursuant to the last sentence of Section 4.04A of the 1971 Resolution shall be transferred to and deposited in the Revenue Fund and thereafter immediately used for prepayment of principal of the Bonds on a pro rata basis, so long as the Bond is outstanding.

(C) Change of Depository Agent and Fiscal Agent. The Issuer may designate another bank or trust company insured by FDIC as Fiscal Agent and Depository Bank 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 or 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 sixty-two (62) bona fide users initially upon the System, and must obtain user agreements and the user contribution, if any, from each new user and deposit in the Water Project Construction Account all such user contributions collected.

(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, in a lawful manner for securing deposits of state and municipal funds under the laws of the State.

(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.

## ARTICLE V

### GENERAL COVENANTS

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 or the 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 Purchaser.

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 one hundred ten percent (110%) of the annual debt service on the Bond and to make the payments required herein into the Reserve Fund 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 the Revenues of the System or any part thereof 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 Bond. 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 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 one hundred percent (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. Workers' compensation insurance will 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 every officer and employee of the District having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding FmHA loans.

(f) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(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. 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 delivery of the Bond.

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/or

(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 or the Bond 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 and shall have all rights prescribed by the Act, W.Va. Code and other applicable law.

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 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 year next preceding by more than ten percent (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 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 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 further covenants to 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.

Section 5.15. Tax Covenants as to Tax Exempt Status of Bonds.

1. The District covenants that (a) it shall not permit or cause to be done any act or thing which would result in the loss of exemption from tax of interest on the Bond under Section 103 (a) of the Internal Revenue Code and the regulations thereunder,

or under any successor or similar provision of the Internal Revenue Code hereinafter enacted and applicable to the Bond, and regulations thereunder; (b) it shall not invest or otherwise use or permit or cause to be invested or used, any of the proceeds of the Bond, or moneys deemed to be proceeds of the Bond under the Internal Revenue Code, directly or indirectly, in any manner which would result in such Bond being classified as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Service Code or regulations thereunder, and each shall comply with the requirements of such Section and (c) no part of the proceeds of the Bond or any funds held under the Ordinance shall at any time be used directly or indirectly for any purpose for which would cause the Bond to be subject to treatment as an "private activity bond" under the Internal Revenue Code or regulations thereunder and to that end the District will comply with the applicable law as long as the Bond is outstanding.

2. The District hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The District shall assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Bond used for private business use is, in addition, the payment of more than ten percent (10%) of the principal or ten percent (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 District, 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 five percent (5%) of the Net Proceeds of the Bond are used for a private business use, and (B) an amount in excess of five percent (5%) of the principal or five percent (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 the District, in respect of property or borrowed money used or to be used for said private business use, then said excess over said five percent (5%) or Net Proceeds of the Bonds 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 Bonds are for the purpose of financing 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 District shall assure that not in excess of five percent (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 District 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 Bonds to be "federally guaranteed" within the meaning of Section 149 (b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The District will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bond and the interest thereon, including without limitation, the information return required under Section 149 (3) of the Code.

E. FURTHER ACTIONS. The District will take any and all actions that may be required of it (including those deemed necessary by the Holder) so that the interest on the Bond will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Holder) which would adversely affect such exclusion.

#### ARTICLE VI

#### RATES, ETC.

##### Section 6.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth on an Order of the Public Service Commission dated January 29, 1993 in Case Number 92-0427-PWD-CN, which order is incorporated herein by reference and is made a part hereof.

##### Section 6.02. Further Covenants.

The District hereby further covenants and agrees as follows:

(a) There shall not be any discrimination or differential in rates between customers in similar circumstances.

(b) 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.

(c) 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.

(d) 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.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Defeasance 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. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of said County.

Section 7.03. Delivery of Bond. The Chairman and Secretary-Treasurer of the Governing Body are hereby authorized and directed to cause the Series 1994 Bond, numbered 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 7.04. Severability of Invalid Provision. 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 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

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

Section 7.07. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.08. 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 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 7.09. Supplemental Resolution. The District may pass such supplemental resolution, if necessary, to effectuate the purposes and intent of this resolution.

Section 7.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 7.11. 1971 and 1989 Resolutions. The 1971 and 1989 Resolutions and all parts not expressly hereby changed shall continue in full force and effect.

Adopted this 3rd day of March, 1994.

PLEASANT HILL PUBLIC SERVICE  
DISTRICT

By:

\_\_\_\_\_  
Chairman of Public Service Board

By:

\_\_\_\_\_  
Member

[SEAL]

By:

\_\_\_\_\_  
Member

ATTEST:

By: \_\_\_\_\_  
Secretary

CERTIFICATION

I, Donald R. Stevens, Secretary of the Public Service Board of the Pleasant Hill Public Service District, hereby certify that the foregoing is a true and correct copy of the Resolution of a special meeting of said Public Service Board held March 3, 1994. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this \_\_\_\_ day of March, 1994.

\_\_\_\_\_  
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF CALHOUN, to-wit:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of March, 1994, by Leon B. Whipkey, the Chairman of the Pleasant Hill Public Service District, a public corporation, on behalf of said corporation.

My commission expires \_\_\_\_\_.

[SEAL]

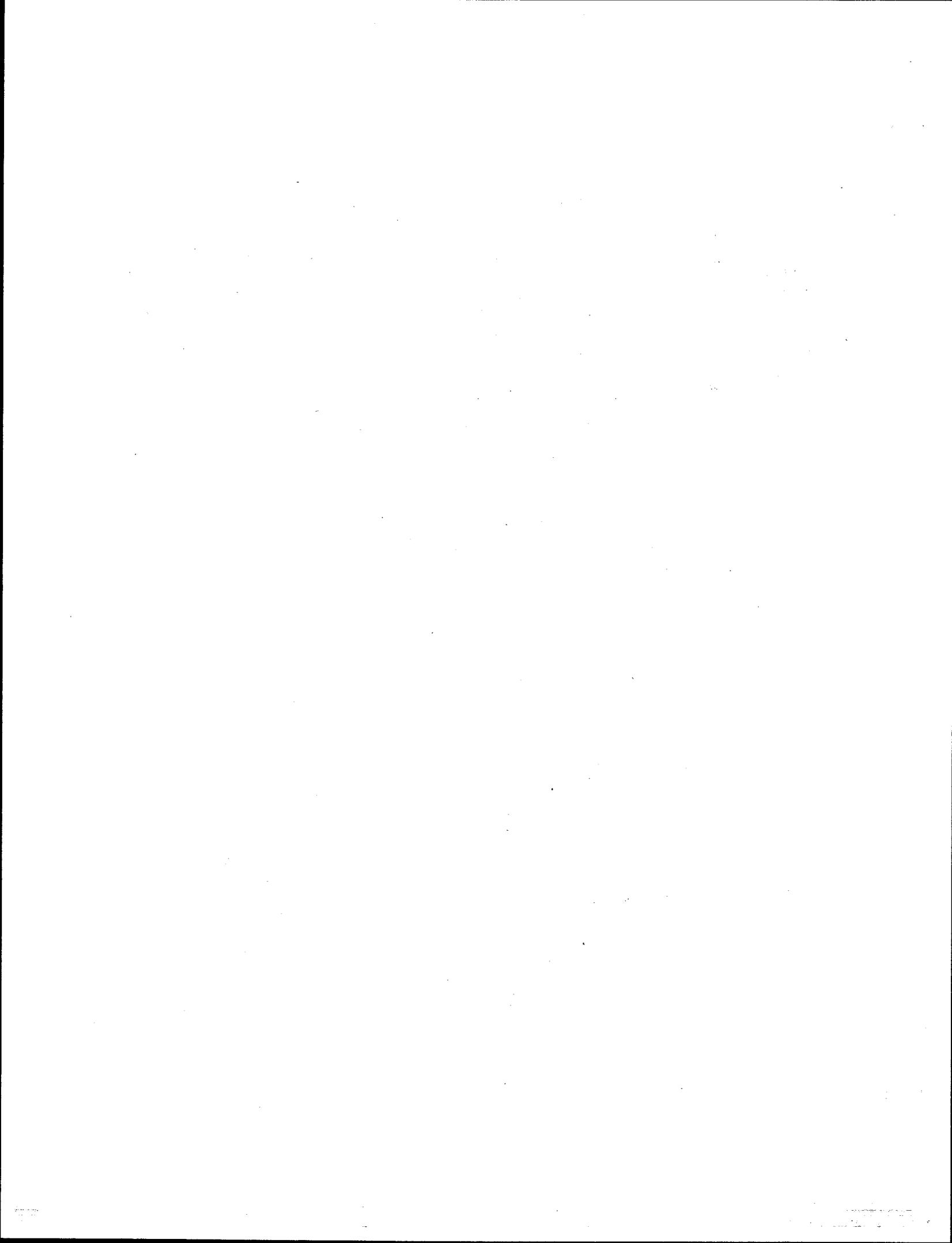
\_\_\_\_\_  
NOTARY PUBLIC

CERTIFICATION

I, \_\_\_\_\_, Secretary-Treasurer of the Public Service Board of the Pleasant Hill Public Service District, hereby certify that the foregoing is a true and correct copy of the Resolution approved at the regular meeting of said Public Service Board held on December \_\_\_\_, 1993. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this \_\_\_\_ day of January, 1994.

\_\_\_\_\_  
Secretary-Treasurer





\$150,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND  
SERIES 2004

BOND RESOLUTION

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PLEASANT HILL PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF PARITY WATER REVENUE BOND, SERIES 2004, OF THE PLEASANT HILL PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF NOT MORE THAN \$150,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDER OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PLEASANT HILL PUBLIC SERVICE DISTRICT, CALHOUN COUNTY, WEST VIRGINIA:

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, as amended (the "Act") and other applicable provisions of law.

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

A. Pleasant Hill Public Service District (the "PSD" or "Issuer") is a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Calhoun County, located in Calhoun County, West Virginia.

B. The Issuer now has a public water system and desires to improve and expand that system and 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, betterments and improvements to the existing public water system of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to improve the public health, comfort and convenience of residents of the Public Service District, including the construction and installation of all necessary appurtenant facilities (the "Project"), and generally described as water line extensions, pumps, pumping

stations, water plant improvements and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer for the Project and heretofore filed in the office of the Secretary of the Public Service Board (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 aggregate principal amount of not more than \$150,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$1,065,000, which will be obtained from the proceeds of sale of the Series 2004 Bond herein authorized, from grants to be made by RUS, as hereinafter defined, in the amounts of \$175,000 and \$225,000, and additional funding in the form of a grant from the State of West Virginia in the amount of \$515,000. 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 any interest therein; interest on the Bond prior to, during and for six (6) 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 (40) years.

F. There are currently outstanding the obligations of the Issuer with which the Bond, as hereinafter defined, will rank either junior and subordinate or on a parity as to lien and source of and security for payment as follows:

(i) Water Revenue Bonds, Series 1971, of the Issuer, dated January 1, 1971 (the "1971 Bond") issued in the original principal amount of \$113,000 secured under the terms of the 1971 Resolution (hereinafter defined) as to which the Bond will rank junior and subordinate; and

(ii) Water System Revenue Bonds, Series 1989, of the Issuer, dated October 2, 1989 (the "1989 Bond") issued in the original principal amount of \$236,000 secured under the terms of the 1989 Resolution (hereinafter defined) as to which the Bond will rank on parity; and

(iii) Water System Revenue Bond, Series 1994, of the Issuer, dated March 9, 1994 (the "1994 Bond") issued in the original principal amount of \$130,000 secured under the terms of the 1994 Resolution (hereinafter defined) as to which the Bond will rank on parity.

With the exception of the bonds described above, there are no other outstanding bonds or obligations of the Issuer, which will rank prior to or on parity with the Bond as to lien, pledge and/or source of and security for payment.

G. The Issuer is not in default under the terms of the 1971 Resolution, the 1989 Resolution and the 1994 Resolution 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 waiver thereof.

H. 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 the costs of the 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.

I. 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 imposition of rates and charges, 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.

J. It is in the best interests of the Issuer that the Bond be sold to the United States Department of Agriculture, Rural Development, acting on behalf of the Rural Utilities Service (the "Purchaser" or "RUS"), pursuant to the terms and provisions of a letter of conditions dated July 8, 1999, and all amendments thereto (the "Letter of Conditions").

K. The Issuer has been notified by RUS that interim construction financing for the Project is not required.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the 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 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 Article 13A, Chapter 16 of the West Virginia Code, as amended.

"2004 Bond", "2004 Series Bond" or "Bond" means the \$150,000 Pleasant Hill Public Service District, Water Revenue Bond, Series 2004 authorized by this resolution.

"Bonds" means the 1979 Bond, the 1989 Bond, the 1994 Bond and the Bond.

"1971 Bond" means the outstanding Bond of the Issuer dated January 1, 1971, described in Section 1.02 F. (i) herein.

"1989 Bond" means the outstanding Bond of the Issuer dated October 2, 1989, described in Section 1.02 F. (ii) herein.

"1994 Bond" means the outstanding Bond of the Issuer dated March 9, 1994, described in Section 1.02 F. (iii) herein.

"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 Boyles & Hildreth, Spencer, 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 hereof to be a part of the cost of acquisition and construction of the Project.

"Depository Bank" means initially Calhoun Banks, Grantsville, West Virginia, a bank or trust company, which is a member of FDIC and its successors and assigns or such other qualified bank or trust company designated now or hereafter by Issuer.

"Facilities" or "water facilities" means all the land and tangible properties of the System and also any tangible properties which may hereafter be added to the water system by addition, 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" means in this Resolution.

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

"Issuer" or "PSD" means Pleasant Hill Public Service District, Calhoun County, West Virginia, and, where appropriate, also means the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the United States Department of Agriculture, dated July 8, 1999, and any other 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 practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital, 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.

"Prior Bonds" means, collectively, the 1971 Bond, the 1989 Bond and 1994 Bond.

"Prior Resolutions" means, collectively, the 1971 Resolution, the 1989 Resolution and 1994 Resolution.

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

"Purchaser", "RUS", or "Government" means United States of America, United States Department of Agriculture, Rural Utilities Service, and any successor thereof.

"Qualified Investments" means and include any of the following:

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 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, Inc. or Standard & Poor's Corporation.

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

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

"1971 Resolution" means the resolution providing for the 1971 Bond, adopted March 23, 1972.

"1989 Resolution" means the resolution providing for the 1989 Bond, adopted October 2, 1989.

"1994 Resolution" means the resolution providing for the 1994 Bond, adopted March 3, 1994.

"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 principles.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and all existing water facilities owned by the Issuer and all Facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a public water system; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

"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, and words importing persons shall include firms and corporations; words importing the masculine, feminine or neuter genders shall include any other gender; and any requirement for execution, sealing and/or attestation of the Bond or any certificate or other document by the Secretary shall mean that such Bond certificate or other document may be executed, sealed and/or attested by an 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 the acquisition and construction of the Project, at an estimated cost of \$840,000 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 V hereof.

## ARTICLE III

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer to be known as "Pleasant Hill Public Service District, Water Revenue Bond, Series 2004" in the principal amount of \$150,000, is hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bond. The Bond shall be issued as one registered bond, No. R-1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at a maximum rate of four and 50/100 percent (4.50%) per annum or such lower rate that RUS will make available at closing, and shall be sold for the par value thereof but in no event greater than four and 50/100 percent (4.50%) per annum.

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. Execution of Bond. The Bond shall be executed in the name of the Issuer by its Chairman, and its corporate seal shall be affixed thereto and attested by its Secretary, and the Chairman and the Secretary are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction. 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 of 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 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments 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 3.05 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. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Resolution.

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 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 that Bond.

Section 3.05. 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 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 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 social security numbers of the settlor and beneficiaries 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.

Section 3.06. Bond 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, her or its 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 Revenues. The payment of the debt service of the Bond shall be secured forthwith by a parity lien with the 1977 Bond, the 1991 Bond, the 1997 Bond and the 1998 Bond on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. 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.

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 any supplemental resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

\$150,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND,  
SERIES 2004

No. R-1

Date: April 8, 2004

FOR VALUE RECEIVED, the PLEASANT HILL PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Calhoun County, in Calhoun County, West Virginia (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000), plus interest on the unpaid principal balance at the rate of four and 50/100 percent (4.50%) 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 (24) months after the date hereof, and \$689.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, 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 Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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 of improvements to a water system (the "System") of the Issuer, 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 Issuer 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 Issuer, 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 Bond Legislation, 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, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer 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, Issuer 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 Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS JUNIOR AND SUBORDINATE AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1971 OF THE ISSUER DESCRIBED IN THE RESOLUTION ISSUED WITH RESPECT TO SUCH SERIES.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1989 AND THE WATER SYSTEM REVENUE BOND, SERIES 1994 OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SERIES.

The initial address of Government for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, WV 26505.

IN WITNESS WHEREOF, the PLEASANT HILL 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.

PLEASANT HILL PUBLIC SERVICE DISTRICT

(SEAL)

By: \_\_\_\_\_  
Chairman  
P.O. Box 25  
Grantsville, WV 26147

ATTEST:

By: \_\_\_\_\_  
Secretary

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$	4/8/03	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

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

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created or continued 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 or System Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created or continued with the Commission:

- (1) Series 2004 Bond Sinking Fund;
  - (a) Within the Series 2004 Bond Sinking Fund, the Series 2004 Bond Reserve Account.

### Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the System Revenue Fund established herein. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest on the Bond, and to amortize the principal of the Bond and the Prior Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bond and the Prior Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amount thereof outstanding and on parity with each other. There is hereby created a sinking fund at the Depository Bank into which the Issuer shall deposit sufficient amounts from the Revenue Fund

to pay the interest on the Bond and to amortize the principal of the Bond and the Prior Bonds over the remaining respective lives of each Bond issue. As long as the Government owns the Bonds, such deposits can be replaced by the remittances described above.

(3) The Issuer shall next, on the first day of each month, commencing one (1) month prior to the first date of payment of principal and interest of the Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission, on a pro rata basis with the Prior Bonds, for deposit into the Series 2004 Bond Reserve Account, an amount equal to .4167% of the Series 2004 Bond Reserve Requirement on a parity with the Prior Bonds; provided, that no further payments shall be made into the Series 2004 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, transfer to the Renewal and Replacement Fund .4167% of the amount of the Series 2004 Bond Reserve Requirement, exclusive of any payments into the Series 2004 Bond Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments, as defined herein. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 2004 Bond 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 moneys from the Renewal and Replacement Fund.

Moneys in the Series 2004 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, as the same shall become due. Moneys in the Series 2004 Bond Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bond, as the same shall come due, when other moneys in the attendant Series 2004 Bond Sinking Fund are insufficient therefor, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2004 Bond Sinking Fund and Series 2004 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 2004 Bond Reserve Account which result in a reduction in the balance of the Series

2004 Bond Reserve Accounts to below the Series 2004 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 2004 Bond Sinking Fund for payment of debt service on the Bond.

B. As and when additional bonds ranking on a parity with the Bond and the Prior Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the bonds of such series, including such additional bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 2004 Bond Sinking Fund or into the Series 2004 Bond Reserve Account therein when the aggregate amount of funds in said Series 2004 Bond Sinking Fund and Series 2004 Bond Reserve Account are at least equal to the aggregate principal amount of the Bond issued pursuant to this Resolution then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 Bond Sinking Fund created hereunder, and all amounts required for said Series 2004 Bond Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 2004 Bond Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the Series 2004 Bond Reserve Account shall be invested and reinvested by the Commission in Qualified Investments, as defined herein.

The Series 2004 Bond Sinking Fund, including the Series 2004 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bond and any additional bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 2004 Bond Sinking Fund, including the Series 2004 Bond Reserve Account therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bonds or for any lawful purposes of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying

Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Registrar's fees, the Paying Agent's fees and the Depository Bank's charges then due.

E. Calhoun Banks is hereby designated the Depository Bank. The Commission is hereby designated as Paying Agent for the Bond.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund 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.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bond not required by the Project in the Series 2004 Bond Reserve Account or as otherwise directed by RUS.

## ARTICLE V

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bond, there shall be deposited with the Commission in the Series 2004 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2004 Bond Reserve Account.

B. The remaining moneys derived from the sale of the Bond shall be deposited by the Issuer as received from time to time in the Construction Fund established hereunder.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in this Resolution. Except with respect to any transfers to the Rebate Fund, moneys in the Construction Fund shall be used solely to pay Costs of the Project and, until so transferred or expended, are hereby pledged as additional security for the Bond.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

On or before the Closing Date, the Issuer shall have delivered to RUS a report listing the specific purposes for which the proceeds of the Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Construction Fund shall be made only after submission to, and approval from, RUS of the following:

- (1) a completed and signed "Payment Requisition Form," and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:
  - (A) That none of the items for which the 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 made 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; and
  - (D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Until disbursed by the Issuer, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VI

### GENERAL COVENANTS

Section 6.01. 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 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 Purchaser.

Section 6.02. 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 one hundred ten percent (110%) percent of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund 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 6.03. 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 6.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of the revenues of the System or any part thereof shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser or the then holder of or Trustee or agent for the holder of the Bond.

Section 6.05. Insurance and Bond. 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) Real Property 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 in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$1,000,000 for 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 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 \$1,000,000 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 one hundred percent (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 Calhoun County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation insurance will 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 every officer and employee of the PSD having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding RUS loans.

(f) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(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 6.06. 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 delivery of the Bond.

Section 6.07. 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 at the date specified for payment thereof; and/or

(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 or of this or the other Bond Resolutions.

Section 6.08. 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 and shall have all rights prescribed by the Act, W.Va. Code and other applicable law.

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 6.09. 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 (30) days prior to the beginning of each fiscal year, the Issuer agrees to adopt an 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 an 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 an Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (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 6.10. 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 6.11. 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 6.12. 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 further covenants to comply with the Act with respect to such books, records and accounts.

Section 6.13. 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 6.14. 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 VII

### RATES, RULES, COVENANTS, ETC.

#### Section 7.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in an Order of the Public Service Commission issued August 6, 2004, in Case Number 03-0837-PWD-CN, which order is incorporated herein by reference and is made a part hereof.

B. The Issuer hereby confirms the rates and charges as set out in the above-referenced order and included on a tariff sheet filed with the Public Service Commission, which rates and conditions are as follows:

APPLICABILITY

Applicable in entire area served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

RATES

First	3,000 gallons used per month	\$6.70 per 1,000 gallons
Next	3,000 gallons used per month	\$6.50 per 1,000 gallons
Next	4,000 gallons used per month	\$5.00 per 1,000 gallons
Next	10,000 gallons used per month	\$4.30 per 1,000 gallons
All Over	20,000 gallons used per month	\$2.55 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 13.40 per month
3/4 inch meter	\$ 20.10 per month
1 inch meter	\$ 33.50 per month
1-1/4 inch meter	\$ 48.95 per month
1-1/2 inch meter	\$ 67.00 per month
2 inch meter	\$ 107.20 per month
3 inch meter	\$ 201.00 per month
4 inch meter	\$ 335.00 per month
6 inch meter	\$ 670.00 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

There will be a charge for connection to the system of Two Hundred and Fifty Dollars (\$250.00).

RECONNECTION CHARGE

\$20.00

LEAK ADJSUT INCREMENT

\$3.56 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historic average usage.

RETURNED CHECK CHARGE

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

## Section 7.02. Further Covenants

The Issuer hereby further covenants and agrees as follows:

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

B. 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.

C. 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.

D. 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 such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

E. 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.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01. Repayment 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 Resolution, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Resolution 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 8.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute a Financing Statement meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statement in the office of the Secretary of State of West Virginia.

Section 8.03. Delivery of Bond. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2004 Bond, numbered 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 8.04. Severability of Invalid Provision. 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 Bonds.

Section 8.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 8.06. 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 8.07. Modification or Amendment. The Bond Resolution may not be modified or amended in any material manner after final passage without the prior written consent of the Purchaser and/or holder of the Bond.

Section 8.08. 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 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 8.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Resolution.

Section 8.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 8.11 Statutory Notice of Meeting and Bond Issue. An abstract of this Bond Resolution, determined by the Governing Body to contain sufficient information as to give notice of the contents hereof, has been published once in a qualified newspaper published and of general circulation in the Pleasant Hill Public Service District, together with a notice stating that this Bond Resolution will be considered, that the Issuer contemplates the issuance of the Bond, that any person interested may appear before the Public Service Board upon a date certain, not less than ten

(10) days subsequent to the date of publication of such abstract of this Bond Resolution and notice, and present protests, and that a certified copy of the Resolution is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such meeting, all objections and suggestions were heard, and the Governing Body took such action, as it shall deem proper in the premises.

PLEASANT HILL PUBLIC SERVICE DISTRICT

[SEAL]

By: Dale Cunningham  
Chairman

Attest:

By: [Signature]  
Secretary

CERTIFICATION

DENNIS DICKSON

I, ~~Terry Dye~~, Secretary of the Pleasant Hill Public Service District, hereby certify that the foregoing is a true and correct copy of a Resolution approved at a meeting of the Public Service Board of the Pleasant Hill Public Service District held on March 19, 2004. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 6<sup>th</sup> day of April, 2004.

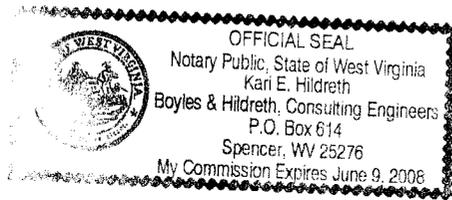
  
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF CALHOUN, to-wit:

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of April, 2004, by T. Dale Cunningham, the Chairman of the Pleasant Hill Public Service District, a public service district created and expanded pursuant to the Act by orders issued by The County Commission of Calhoun County, on behalf of said public service district.

My commission expires JUNE 9, 2008.



Kari E. Hildreth  
NOTARY PUBLIC



\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012

REGISTRY

<u>BOND NO.</u>	<u>AMOUNT</u>	<u>HOLDER</u>	<u>DATE ACQUIRED</u>
R-1	\$350,000	United States of America	June 28, 2012



\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KIGHT KNOB STORAGE TANK PROJECT)  
SERIES 2012

RECEIPT FOR BOND AND TRANSCRIPT

The undersigned, for United States Department of Agriculture, Rural Development (the "Purchaser"), hereby certifies as follows:

1. As of the 28<sup>th</sup> day of June, 2012, at Spencer, West Virginia, the undersigned received from the Purchaser the Pleasant Hill Public Service District, Water Revenue Bond (Kight Knob Storage Tank Project), Series 2012, numbered R-1, in the amount of \$350,000, dated as of the date hereof, bearing interest at the rate of 2.00% per annum, payable in monthly installments as stated in the Bond. The Bond represents the entire above-captioned Bond issue.
2. At the time of such receipt, the Bond had been executed and sealed by the designated officials of the Pleasant Hill Public Service District.
3. At the time of such receipt, there was paid to the Pleasant Hill Public Service District a payment of \$84,254.39, representing a portion of the principal amount of the Bond.
4. There will be provided to the undersigned a set of Bond Transcript documents.

WITNESS my signature as of the 28<sup>th</sup> day of June, 2012.

UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT

By:   
Rural Development Specialist



\$350,000  
PLEASANT HILL PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND (KITE KNOB STORAGE TANK PROJECT)  
SERIES 2012

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

Calhoun County Bank, Inc., a state banking corporation, at its office located in Grantsville, Calhoun County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the Pleasant Hill Public Service District (the "District") duly adopted by the Public Service Board of the District and effective on June 14, 2012 (the "Resolution"), authorizing issuance by the District of its Water Revenue Bond (Kite Knob Storage Tank Project), Series 2012, dated June 28, 2012, in the aggregate principal amount of \$350,000, and agrees to perform all duties of Depository Bank in connection with the Construction Fund, all as set forth in the Resolution.

Witness my signature as of the 28<sup>th</sup> day of June, 2012.

CALHOUN COUNTY BANK, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_



WATER PURCHASE CONTRACT

THIS CONTRACT FOR THE SALE AND PURCHASE OF WATER, made and entered into as of the 1st day of March, 1971, between the Town of Grantsville, a municipal corporation, hereinafter referred to as the "Town", and Pleasant Hill Public Service District, a statutory corporation, hereinafter referred to as the "District".

W I T N E S S E T H

WHEREAS, the District has been organized and established under the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended, for the purpose of constructing and operating a water distribution system serving water users within the area described in plans now on file in the office of the District and to accomplish this purpose, the District will require a supply of treated water, and

WHEREAS, the Town owns and operates a water distribution system with a capacity currently capable of serving the present customers of the Town system and the estimated number of water users to be served by the said District, as shown in the plans of the system now on file in the office of the District, and

WHEREAS, by Resolution enacted on the 1st day of March, 1971, by the Council of the Town, the sale of water to the District in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Mayor and attestation by the Clerk was duly authorized, and

WHEREAS, by Resolution of the Public Service Board of the District, enacted on the 24th day of February, 1971, the purchase of water from the Town in accordance with the terms set forth in said Resolution was approved, and the execution of this contract by the Chairman, and attestation by the Secretary was duly authorized;

NOW, THEREFORE, for and in consideration of the foregoing, and of the mutual covenants and agreements hereinafter set forth,

1,400,000

A. THE TOWN AGREES:

1. Quality and Quantity. To furnish the District, at the points of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State Board of Health not exceeding 900,000 gallons per month, within the limitations imposed by succeeding paragraphs hereof.

2. Points of Delivery and Pressure. To furnish water at reasonably constant normal pressure from an existing main supply at two points: (1) At the base of the Town's storage tank located at the Hamilton tank site on Town Hill; (2) At a connection point located on the Town's 6 inch line near the Calhoun County High School building adjacent to Secondary State Route No. 7. If a greater pressure than that normally available at the points of delivery is required by the District, the cost of providing such greater pressure shall be borne by the District. Emergency failures of pressure or supply due to main supply line breaks; power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Town from this provision for such reasonable period of time as may be necessary to restore service.

3. Reading of Meters. To read the master meter located at the base of the Town's storage tank on Town Hill between the 1st and 5th days of each month for water supplied in the previous month, beginning with the month in which service hereunder is commenced, except that the Town may, upon written notice to the District, change or alter the date upon which said meter is read.

4. Billing Procedure. To furnish to the Treasurer of the District monthly, on or about the 10th day of each month, at the mailing address of the District, an itemized statement of the amount of water furnished the District during the preceding month, except that the Town may, upon written notice to the District, change the date upon which bills hereunder are rendered.

B. THE DISTRICT AGREES:

1. Metering Equipment: To furnish and install at its own expense, at the Hamilton tank site point of delivery mentioned above, the necessary metering equipment, including a meterhouse or pit, and required devices of standard type for properly measuring the quantity of water delivered to the District. the installation, maintenance, testing and accuracy of said metering equipment shall be

governed by the Rules and Regulations for the Government of Water Utilities prescribed by the Public Service Commission of West Virginia, particularly Rules 32, 35, 38 and 39.

2. Rules and Payment Dntd. To pay the Town within ten days from the receipt of the itemized statement of the amount of water furnished the District during the preceding month, at the rate of 50¢ per 1,000 gallons of water.

In event the Public Service Commission of West Virginia, should hereafter grant unto the Town a rate increase for water delivered to its consumers, the District agrees to immediately pay for water delivered to it, at a rate determined by adding unto the rate fixed hereinabove an amount constituting 60% of the rate increase so awarded, per 1,000 gallons of water furnished.

G. THE TOWN AND THE DISTRICT FURTHER MUTUALLY AGREE THAT:

1. Term of Contract. This contract shall extend for a term of 40 years from the date of the initial delivery of any water by the Town to the District and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Town and District.

2. Delivery of Water. Ten days prior to the estimated date of completion of construction of the District's water supply distribution system, the District will notify the Town in writing of the date for the initial delivery of water.

3. Water for Testing. When requested by the District, the Town will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing and trench filling the system of the District during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of twenty-five cents (25¢) per thousand gallons which will be paid by the contractor or, on his failure to pay, by the District.

4. Testing of District Meters. The Town, upon request of the District, shall have the right from time to time to test the individual meters serving the District's consumers on Line No. 8&9, being the 8 inch line leading to the Rubber Fabricators, Inc. plant which originates on the South side of Grantsville, and shall also have the right to have its personnel present at the time of periodic tests of the master meter measuring water furnished to the District.

5. Failure to Deliver. The Town will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the District with the quantity of water required by the District in accordance with Section 2, paragraph B hereof. It is understood, however, that nothing herein contained shall be construed as a guarantee of pressure by the Town. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or if the supply of water available to the Town is otherwise diminished over an extended period of time, the supply of water to District consumers shall be reduced or diminished in the same ratio or proportion as the supply to Town consumers is reduced and diminished.

6. Loss of Water. Allowable loss of water in the lines of the District located on the South side of the Little Kanawha River shall not exceed 20 gallons per hour. Should the line loss exceed such gallonage, the District shall make immediate investigation to determine the cause thereof and to make prompt correction of such cause. The District further agrees that should such line loss not be corrected within ten days after line loss is apparent, the Town may make the necessary repairs and bill the cost thereof to the District.

7. Modification of Contract. The provisions of this contract pertaining to the schedule of rates to be paid by the District for water delivered are subject to modification at the end of the second year following the institution of service hereunder, and at the end of every five year period thereafter. Other provisions of this contract may be modified or altered by mutual agreement.

8. Plans of the District. That the District will furnish to the Town one copy of the "as built" plans of the District showing the location of all the lines, facilities and work of the District, and the District shall not construct any extensions of its main lines shown thereon for a total length of more than 500 feet nor agree to serve any industrial consumer without the approval of the Superintendent of the Water Department of the Town. This provision shall not apply to the construction of additional lateral lines to serve subdivisions within the area of the District in accordance with Rule 22 of the Rules and Regulations for the Government of Water Utilities.

9. Regulatory Agencies. This contract is subject in its entirety to the Rules and Regulations for the Government of Water Utilities prescribed by the Public Service Commission of West Virginia. This contract is further subject to specific approval by the Public Service Commission of West Virginia and the Town and District will cooperate in applying for and obtaining such specific approval from the Public Service Commission prior to carrying into effect the terms and provisions of this agreement.

10. Miscellaneous. The construction of the water supply distribution system by the District is being financed by a loan from the United States of America, acting through the Economic Development Administration, U. S. Department of Commerce, hereinafter referred to as the Government, and the provisions hereof pertaining to the undertakings of the District are conditioned upon the approval, in writing, of the Government. Similarly, any modification of the provisions of this contract, including any increase in the schedule of rates to be paid by the District for the delivery of water shall be conditioned upon the prior approval, in writing, of the Government.

11. Successor to the District. In the event of any occurrence rendering the District incapable of performing under this contract, any successor of the District, whether the result of legal process, assignment or otherwise, shall succeed to the rights of the District hereunder.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in duplicate counterparts, each of which shall constitute an original.

TOWN OF GRANTSVILLE,  
a municipal corporation

By *William D. Bostman*  
Its *Mayor*

PLEASANT HILL PUBLIC SERVICE DISTRICT,  
a statutory corporation

By *W. Allison Bostman*  
Its *Chairman*

Attest:

*Bernard Lewis*  
Secretary





*Bond Counsel*

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

April 15, 2009

Dale Cunningham, Chairman  
Pleasant Hill Public Service District  
122 Noble Road  
Five Forks, WV 26136

Dear Mr. Cunningham:

This letter, with Attachments 1 through 9 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 \$350,000, and an RUS grant in the amount of \$400,000 for a total project cost of \$750,000. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

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

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

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)720-6382 (TDD).

- d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

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

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 – Government Auditing Standards (Revision July 2007) (Accountant Copy) - This may be accessed at [www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm).
- Attachment No. 4 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
- Attachment No. 5 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
- Attachment No. 6 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
- Attachment No. 7 – RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 8 – Labor Standards Provisions (Engineer Copy)
- Attachment No. 9 – Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. American Recovery and Reinvestment Act of 2009 ("Recovery Act").

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

- a. Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.
- b. Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.

- c. Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.
- d. Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

**Compliance with the conditions in this section is required for financing under the Recovery Act.** However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

2. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. RUS regulatory requirements (RUS Instruction 1782) now direct that any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project is not progressing within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
3. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2.75% interest rate and a monthly amortization factor of .00354, which provides for a monthly payment of \$1,239. 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 will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as a part of this financing, you move any existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

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

4. Security – The loan must be secured by a statutory lien of equal priority with the District's existing Water Revenue Bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
5. Users – This conditional commitment is based upon you providing evidence that there will be at least 687 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the District's existing water system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

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

6. 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.
7. Accounting Services – The accountant must 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.

RUS regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the District. The booklets, "Government Auditing Standards (Revised 2007)" and RUS Bulletins 1780-30 and 1780-31 outline audit requirements.

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

8. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
  - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
  - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
  - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
  - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as

properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

- e. On the day of loan closing, the District's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the District has already acquired real property(s) (land or facilities), the District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- State Department of Health

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 loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of

the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

- a. General Liability Insurance – This should include vehicular coverage.
- b. Workers' Compensation – In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).
- d. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

## 12. Environmental Requirements –

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

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

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large

sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place.

New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

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

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

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

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

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

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

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

15. Contract Documents, Final Plans and Specifications –

- a. The contract documents should consist of the following:
  - i. EJCDC Document No. C-521, 2002 Edition, “Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price” and EJCDC Document No. C-710, 2002 Edition, “Standard General Conditions of the Construction Contract – Funding Agency Edition” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
  - ii. “RUS Supplemental General Conditions.”
  - iii. “Labor Standards Provisions” – Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 8). Additional copies must be reproduced by the engineer.

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

- 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 District and its engineer. EJCDC Document C-710, “Standard General Conditions of the Construction Contract” (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, “Supplementary Conditions” both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is

recommended you consider increasing the given limits of liability after analyzing your specific needs.

- 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.

16. 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 the District, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

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

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

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

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

The District will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

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

17. Water Purchase Contract – You purchase treated water from the Town of Grantsville. Please provide a copy of the most recent Water Purchase Contract.
18. 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)”
  - Certification of Compliance
  - Form RD 1942-46, “Letter of Intent to Meet Conditions”
19. 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.
20. 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.

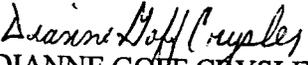
Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan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

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,

  
DIANNE GOFF CHRYSLER  
Acting State Director

Enclosures

cc: Area Director  
Parkersburg, WV

Boyles & Hildreth, Consulting Engineers  
Spencer, WV

Drew Patton, Esquire  
Spencer, WV

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 296,700	\$ 242,800	\$ 539,500
CONST. CONTINGENCY	\$ 29,050	\$ 24,200	\$ 53,250
LAND & RIGHTS	\$ 2,800	\$ 2,200	\$ 5,000
LEGAL FEES	\$ 3,600	\$ 2,900	\$ 6,500
BOND COUNSEL	\$ 11,000	\$ 9,000	\$ 20,000
ACCOUNTING	\$ 1,400	\$ 1,100	\$ 2,500
ENGINEERING FEES	\$ 47,000	\$ 38,500	\$ 85,500
Basic - \$52,000			
Insp. - \$30,000			
Special - \$3,500			
INTEREST		\$ 19,250	\$ 19,250
PROJECT CONTG.	\$ 8,450	\$ 10,050	\$ 18,500
<b>TOTAL</b>	<b>\$ 400,000</b>	<b>\$ 350,000</b>	<b>\$ 750,000</b>

Rates

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	\$ 8.96	per M gallons
Next	3,000	gallons @	\$ 8.70	per M gallons
Next	4,000	gallons @	\$ 6.87	per M gallons
Next	10,000	gallons @	\$ 6.01	per M gallons
Over	20,000	gallons @	\$ 3.86	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	\$ 17.16	per month
3/4"	meter	\$ 25.74	per month
1"	meter	\$ 42.90	per month
1 1/2"	meter	\$ 85.80	per month
2"	meter	\$ 137.28	per month
3"	meter	\$ 257.40	per month
4"	meter	\$ 429.00	per month
6"	meter	\$ 858.00	per month

Minimum Monthly Bill \$ 26.88 for 3,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will

be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

\$250.00

Reconnection Charge

\$20.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached



Pleasant Hill Public Service District  
 Calhoun County, West Virginia

**EXISTING PUBLIC AUTHORITY BILL ANALYSIS**  
 (For FY08)

Blocking Gallons	Number of Bills	Usage M Gallons	Minimum Bills	First	Next	Next	Next	All over 20,000	Calculated Revenue
				3,000	3,000	4,000	10,000		
First 3,000	39	26	39						
Next 3,000	7	30		21	9				
Next 4,000	4	35		12	12	11			
Next 10,000	2	30		6	6	8	10		
All over 20,000	11	468		33	33	44	110	248	
<b>Totals</b>	<b>63</b>	<b>588</b>	<b>39</b>	<b>72</b>	<b>60</b>	<b>63</b>	<b>120</b>	<b>248</b>	

<b>Current Rates</b>	\$ 17.16	\$ 8.96	\$ 8.70	\$ 6.87	\$ 6.01	\$ 3.86
<b>Current Revenues</b>	\$ 669.24	\$ 645.12	\$ 518.52	\$ 431.44	\$ 721.80	\$ 958.05
						\$ 3,944.17

<b>Actual Billings</b>	\$ 3,944.17
<b>Correction Factor</b>	1.04953
<b>Estimated Annual Operating Revenue</b>	\$ 4,139.52

Pleasant Hill Public Service District  
 Calhoun County, West Virginia

**EXISTING INDUSTRIAL BILL ANALYSIS**  
 (For FY08)

Blocking Gallons	Number of		Usage M Gallons	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	All over 20,000	Calculated Revenue
	Bills	Bills								
First 3,000	0		0							
Next 3,000	1		6	3	3					
Next 4,000	6		53	18	18	17				
Next 10,000	2		23	6	6	8	3			
All over 20,000	0		0	0	0	0	0	0		
Totals	9		81	27	27	25	3	3	0	

Current Rates	\$ 17.16	\$ 8.96	\$ 8.70	\$ 6.87	\$ 6.01	\$ 3.86
Current Revenues	\$ -	\$ 241.92	\$ 231.42	\$ 170.38	\$ 16.83	\$ 660.54

Actual Billings  
 Correction Factor  
 Estimated Annual Operating Revenue

\$ 660.54  
 1.04953  
 \$ 693.26

Pleasant Hill Public Service District  
 Calhoun County, West Virginia

**EXISTING COMMERCIAL BILL ANALYSIS**  
 (For FY08)

Blocking Gallons	Number of		Usage M Gallons	Minimum Bills	First 3,000		Next 4,000		Next 10,000		All over 20,000	Calculated Revenue
	Bills	Bills			3,000	3,000	4,000	10,000	20,000			
First 3,000	551		275	551								
Next 3,000	54		238	162		76						
Next 4,000	28		219	84		84		51				
Next 10,000	19		236	57		57		76		46		
All over 20,000	34		1781	102		102		136		340	1101	
Totals	686		2749	551	405	319	263			386	1101	
Current Rates				\$ 17.16	\$ 8.96	\$ 8.70	\$ 6.87	\$ 6.01	\$ 3.86			
Current Revenues				\$ 9,455.16	\$ 3,628.80	\$ 2,778.78	\$ 1,809.56	\$ 2,319.26	\$ 4,249.47	\$ 24,241.03		

Actual Billings  
 Correction Factor  
 Estimated Annual Operating Revenue

\$ 24,241.03  
 1.04953  
 \$ 25,441.64

PLEASANT HILL PUBLIC SERVICE DISTRICT  
OPERATING BUDGET

OPERATING INCOME

Metered Sales \$ 265,689

Penalties \$ 5,424

Other Income

TOTAL OPERATING INCOME \$ 271,113

NON OPERATING INCOME

Interest income \$ 703

TOTAL NON OPERATING INCOME \$ 703

TOTAL INCOME

\$ 271,816

EXPENSES

O & M \$ 217,679

Taxes \$ 2,701

TOTAL EXPENSES \$ 220,380

INCOME AVAILABLE FOR D/S (A)

\$ 51,436

DEBT SERVICE

Existing Bond P & I (B) \$ 29,700

Proposed Bond P & I (B) \$ 14,868

TOTAL DEBT SERVICE \$ 44,568

DEBT SERVICE RESERVE

Existing Debt Service Reserve \$ 2,970

Proposed Debt Service Reserve \$ 1,487

TOTAL DEBT SERVICE RESERVE \$ 4,457

SURPLUS (DEFICIT)

\$ 2,411

DEBT COVERAGE (A/B)

115%

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

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

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Environmental Report	2	1794	Applicant		X	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		X	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		X	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		X	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		X	8
	Rate Tariff	2	1780.33	Applicant		X	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		X	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		X	3
	Documentation on Service Area	1	1780.11	RUS		X	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
CPAP Form	Project Information	2	1780.41(a)	RUS			1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS			3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
(Existing borrowers)	Certifications on VA and ERP	1		Applicant			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5

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

  
**United States Department of Agriculture**  
**Rural Development**  
**Ripley Area Office**

May 24, 2012

Dale Cunningham, Chairman  
Pleasant Hill Public Service District  
122 Nobe Road  
Five Forks, WV 26136

Re: Kight Knob Water Tank Improvements Project

Dear Mr. Cunningham:

On May 10, 2012, we attended the bid opening for the District's Kight Knob Water Tank Improvements project. We are writing to reiterate the instructions that were detailed in Item Number 20 of the Letter of Conditions dated April 15, 2009.

"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 agree the construction bids received are acceptable, and 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, then 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/grant can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan/grant closing will be scheduled."

In addition to items a, b, and c above, the following documents must be submitted to our office:

1. Revised project budget.
2. WV Division of Highways permit

If you wish to have the loan pre-closing by June 26, 2012, please submit the items outlined above to our office no later than May 31, 2012, or a later pre-closing date will be necessary. Keep in mind that ARRA funded projects that do not have construction contracts in place by 7/31/12, will be required to request a waiver to maintain obligated funds.

2118 Ripley Road, Ripley, WV 25271  
Phone: (304) 372-6231 Ext. 4 • Fax: (304) 372-6856 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

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

If you have any questions, please let us know.

Sincerely,



VIRGINIA M. McDONALD

Area Specialist

cc: State Director  
ATTN: Community Programs  
Morgantown, WV

Boyles & Hildreth, Consulting Engineers  
Spencer,

Drew Patton, Esquire  
Spencer, WV

William K. Bragg, Esquire  
Goodwin & Goodwin, LLP  
Charleston, WV

Todd Dingess, CPA  
Smith Cochran Hicks, PLLC  
Charleston, WV









## WEST VIRGINIA CODE

**CHAPTER 16. PUBLIC HEALTH.****ARTICLE 13A. PUBLIC SERVICE DISTRICTS.****§16-13A-1. Legislative findings.**

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to insure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

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

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

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

- (a) To study, modify, approve, deny or amend the plans created under section one-b of this article for consolidation or merger of public service districts and their facilities, personnel or administration;
- (b) To petition the appropriate circuit court for the removal of a public service district board member or members; and
- (c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters.

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

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection

shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission.

**§16-13A-1c. General purpose of districts.**

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: *Provided*, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: *Provided, however*, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

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

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

boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: *Provided further*, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

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

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

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

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

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the Public Service Commission for such purpose: *Provided*, That no enlargement of a public service district may occur if the present or proposed physical facilities of the

public service district are determined by the appropriate county commission or the Public Service Commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: *Provided, however,* That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the Public Service Commission. The Public Service Commission may provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The Public Service Commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the Public Service Commission pursuant to this section and section one-b, of this article.

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

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

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

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: *Provided,* That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

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

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

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

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

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

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

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

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

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and

shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

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

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

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

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

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

(b) Salaries of the board members are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **§16-13A-5. General manager of board.**

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

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

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

#### **§16-13A-6. Employees of board.**

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and

expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees.

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

The board of these districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than \$25,000 for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three, chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the Constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. **§16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.**

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

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

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

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: *Provided*, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways: *Provided, however*, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in

territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof.

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

(a) (1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

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

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

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

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

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

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or \$50, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or \$50 and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or \$50. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or \$50 has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent: *Provided, however*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the board to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately water facilities, sewer facilities or stormwater facilities and the district owns and operates another kind of facility either water or sewer, or both, as the case may be, then

the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer or stormwater service fees and charges: *Provided*, That any contracts entered into by a public service district pursuant to this section shall be submitted to the Public Service Commission for approval. Any public service district which provides water and sewer service, water and stormwater service or water, sewer and stormwater service has the right to terminate water service for delinquency in payment of water, sewer or stormwater bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer or stormwater district is providing water service and the district providing sewer or stormwater service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer or stormwater district that is providing water service, upon the request of the district providing sewer or stormwater service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer or stormwater account: *Provided, however*, That any termination of water service must comply with all rules and orders of the Public Service Commission. *Provided further*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the Public Service Districts to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

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

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

(e) The owner, tenant or occupant of any real property may be determined and declared to be served by a stormwater system only after each of the following conditions is met: (1) The district has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. §122.26; (2) the district's authority has been properly expanded to operate and maintain a stormwater system; (3) the district has made available a stormwater system where stormwater from the real property affects or drains into the stormwater system; and (4) the real property is located in the Municipal Separate Storm Sewer System's designated service area. It is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by

the owner. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. Nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the Public Service Districts to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: *Provided*, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

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

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

#### **§16-13A-9a. Limitations with respect to foreclosure.**

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

#### **§16-13A-10. Budget.**

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

#### **§16-13A-11. Accounts; audit.**

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: **Provided**, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: **Provided, however**, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine, chapter six of this code pertaining

to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

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

**§16-13A-12. Disbursement of district funds.**

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

**§16-13A-13. Revenue bonds.**

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

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

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

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district

and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

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

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

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

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

**§16-13A-18. Operating contracts.**

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

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

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than

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

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

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

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

**§16-13A-20. Refunding revenue bonds.**

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

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

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

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

All acts and proceedings taken by any county court of this state purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect, for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other

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

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

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

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

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

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

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four of this article without the prior consent and approval of the Public Service Commission: *Provided,*

That approval of funding set forth in section eleven, article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after the eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

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

(1) Experience with the same engineering firm; or

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

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

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

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

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

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

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

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

Note: WV Code updated with legislation passed through the 2011 4th Special Session