

\$415,000
PLEASANT COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Closing Date: March 11, 2016

TRANSCRIPT OF PROCEEDINGS

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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 the 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, including, upon written request of the public service board, assistance to the board in deliberations regarding a proposed rate change or project.

§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 storm water 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. In the event the public service district is providing any utility service and billing rates and charges to its customers, at least one board member shall be a rate-paying residential customer of the public service district: *Provided*, That if an existing public service board does not have a member who is a rate-paying residential customer of the public service district on July 1, 2013, the next following appointment to the board shall be a rate-paying residential customer of that public service district. For purposes of this section, "rate-paying residential customer" means a person who:

(1) In the case of a water or sewer public service district, is physically connected to and actively receiving residential public service district utility services; or

(2) In the case of a storm water public service district, has storm water conveyed away from the residential property by a utility owned system; and

(3) Has an active account in good standing and is the occupier of the residential property which is on the public service district utility service account.

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 Department of Environmental Protection and the Bureau for 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 January 1 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 \$100 per attendance at regular monthly meetings and \$75 per attendance at additional special meetings, total salary not to exceed \$2,000 per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to \$125 per attendance at regular monthly meetings and \$100 per attendance at additional special meetings, total salary not to exceed \$3,250 per annum;

(3) For districts with two thousand customers or more, but fewer than four thousand customers, up to \$150 per attendance at regular monthly meetings and \$100 per attendance at additional special meetings, total salary not to exceed \$4,500 per annum; and

(4) For districts with four thousand or more customers, up to \$200 per attendance at regular monthly meetings and \$150 per attendance at additional special meetings, total salary not to exceed \$6,400 per annum.

The public service district shall certify the number of customers served to the Public Service Commission on July 1 of each fiscal year.

(c) Public service districts selling water to other water utilities for resale or public service districts which provide sewer treatment for other sewer utilities may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than \$50,000, up to \$100 per attendance at regular monthly meetings and \$75 per attendance at additional special meetings, total salary not to exceed \$2,000 per annum;

(2) For districts with annual revenues of \$50,000 or more, but less than \$250,000, up to \$125 per attendance at regular monthly meetings and \$100 per attendance at special meetings, total salary not to exceed \$3,250 per annum;

(3) For districts with annual revenues of \$250,000 or more, but less than \$500,000, up to \$150 per attendance at regular monthly meetings and \$100 per attendance at additional special meetings, total salary not to exceed \$4,500 per annum; and

(4) For districts with annual revenues of \$500,000 or more, up to \$200 per attendance at regular monthly meetings and \$150 per attendance at additional special meetings, total salary not to exceed \$6,400 per annum.

The public service district shall certify the number of customers served and its annual revenue to the Public Service Commission on July 1 of each fiscal year.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided by the rules of the board. Notwithstanding any other provision of this code to the contrary, board members are not eligible for salary payment or reimbursement for expenses incurred prior to the public service district initiating service to its first customer. Salary and reimbursement for expenses may be incurred only at meetings occurring after the public service district initiated service to customers.

(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 by that 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 the 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, in accordance with this article, 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) The board of a public service district with at least four thousand five hundred customers and annual combined gross revenue of \$3 million or more from its separate or combined services may make, enact and enforce all needful rules in connection with the enactment or amendment of rates, fees and charges of the district. At a minimum, these rules shall provide for:

(A) Adequate prior public notice of the contemplated rates, fees and charges by causing a notice of intent to effect such a change to be specified on the monthly billing statement of the customers of the district for the month next preceding the month in which the contemplated change is to be before the board on first reading.

(B) Adequate prior public notice of the contemplated rates, fees and charges by causing to be published as a Class I legal advertisement of the proposed action, in compliance with the provisions of article three, chapter fifty-nine of the code. The publication area for publication shall be all territory served by the district. If the district provides service in more than one county, publication shall be made in a newspaper of general circulation in each county that the district provides service.

(C) The public notice of the proposed action shall state the current rates, fees and charges and the proposed changes to said rates, fees and charges; the date, time and place of both a public hearing on the proposal and the proposed final vote on adoption; and the place or places within the district where the proposed rates, fees and charges may be inspected by the public. A reasonable number of copies of the proposal shall be kept at the place or places and be made available for public inspection. The notice shall also advise that interested parties may appear at the public hearing before the board and be heard with respect to the proposed rates, fees and charges.

(D) The proposed rates, fees and charges shall be read at two meetings of the board with at least two weeks intervening between each meeting. The public hearing may be conducted with or following the second reading.

(E) Rates, fees and charges approved by an affirmative vote of the board shall be forwarded in writing to the county commission appointing the approving board. The county commission shall publish notice of the proposed rates, fees and charges by a Class 1 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of the code.

Within forty-five days of receipt of the proposed rates, fees and charges, the county commission shall take action to approve or reject the proposed rates, fees and charges. After forty-five days, the proposed rates, fees and charges shall be effective with no further action by the board or county commission. In any event, this 45-day period shall be mandatory unless extended by the official action of both the board proposing the rates, fees and charges, and the appointing county commission.

(F) Enactment of the proposed rates, fees and charges shall follow an affirmative vote by the county commission and shall be effective no sooner than forty-five days following action. The 45- day waiting period may be waived by public vote of the county commission only if the commission finds and declares the district to be in financial distress such that the 45-day waiting period would be detrimental to the ability of the district to deliver continued and compliant public services.

(3) 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 of this chapter 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 subsection 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 days' 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 days' 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: *Provided*, That no such distribution shall be required in the case of a sale between political subdivisions

of the state. **§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 public service district has plenary power to 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. Upon written request of the public service board contemplating such transaction or project, the Public Service Commission shall provide technical support to the public service board, including, but not limited to, engineering, design and financial analysis of the proposed transaction or project.

Note: WV Code updated with legislation passed through the 2015 Regular Session

The WV Code Online is an unofficial copy of the annotated WV Code, provided as a convenience. It has NOT been edited for publication, and is not in any way official or authoritative.

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 0.80 mile) 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

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, members of the Board of the Pleasant Hill Public Servict 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 Court 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 a 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 with in the Center and Sheridan Districts, Calhoun County, West Virginia; containing a 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.

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A T T E S T E D
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 County Court on June 18, 1973 Cecil R. Jarvis acting as Chairman in the absence of the President of the court announced that 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 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 thereupon 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

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" 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.

It is ORDERED that this Court adjourn.

PRESIDENT

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er

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 Seervice	302.08
10504	Diskette Connection	Computer Discs	58.80
10320	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.

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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.

The 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 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
- 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 local 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 Ponds, Bills, Orders, Settlements and Wills as presented by the County Clerk Richard Kirby, seconded by Larry Dettrell. Motion passed unanimously.

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

April 27, 1993

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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 as follows, to-wit:

Beginning 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
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

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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, OR APPROVED AND CONFIRMED AT THE APRIL 13, 1993 COMMISSION MEETING:

GENERAL COUNTY

Bill No.	Description	Account No.	Amount	Total
17338	ProCom, Inc.	403-11	10.00	88.25
		403-11	21.25	
		404-11	24.46	
		405-11	6.06	
		406-11	17.31	
		419-11	12.68	
17340	Regional Jail	460-44		2097.50
17341	Stamped Envelope Unit	404-11	15.00	164.50
		404-18	149.50	
17362	Calhoun County Bank	941 Taxes		3217.16
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

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 boundries 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 Grantsvill, 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.

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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:

ENLARGEMENT AREA ONE (1)

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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)

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

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N 48 - 10 E 2.27 ± miles, thence

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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

CALHOUN COUNTY COMMISSION MEETING
July 14, 2014

The meeting of the Calhoun County Commission was called to order on Monday, July 14, 2014 at 9:00 a.m. by President Scottie Westfall. Others present were Commissioners Kevin Helmick and Robert Weaver and Clerk Jean Simers. Commissioner Westfall led the group in the Pledge of Allegiance.

Others present were: Gary Knight, Diane Ludwig, Jason Nettles, Julie Sears, Dwane Weekley and Kathy Wood

Commissioner Weaver moved and Commissioner Helmick seconded to approve the June 9, 2014 minutes. Motion approved unanimously.

Diane Ludwig, Little Kanawha Area Development Corporation, discussed the fire escape project with the Commission. Commissioner Weaver moved and Commissioner Helmick seconded to approve the use of metal doors in lieu of oak doors which lowered the cost of the project to \$78,824.00. Motion carried unanimously. Ms. Ludwig also discussed the Courthouse Facilities Improvement grant which has a deadline of October 3, 2014. She asked permission to schedule an inspection of the courthouse boiler system.

Commissioner Westfall moved and Commissioner Weaver seconded to approve the renewal of Perry Dye to the Pleasant Hill Public Service District Board with his new term expiring June 30, 2020. Motion carried unanimously.

Kathy Wood, E911 Director, reported that staff will be attending classes regarding flood plains, ordinances, etc. She distributed the June 2014 report.

Commissioner Weaver moved and Commissioner Helmick seconded to enter into Executive Session at 9:08 a.m. to discuss legal issues with the former Emergency Medical Services. Motion carried unanimously.

Commissioner Weaver moved and Commissioner Helmick seconded to regular to regular session at 9:22 a.m. with no action taken. Motion carried unanimously.

Commission Weaver moved and Commissioner Helmick seconded to send a letter to the Public Service Commission opposing the 15.85% increase proposed by Monongahela Power Company. Motion carried unanimously.

Commissioner Weaver moved and Commissioner Helmick seconded to donate \$1,500.00 to Calhoun County Park. Motion carried unanimously,

Commissioner Weaver moved and Commissioner Helmick seconded to approve the request from Community Resources Inc. regarding a Community Economic Development grant through the Department of Health and Human Resources. President Westfall will sign the letter of support. Motion carried unanimously.

Commissioner Weaver moved and Commissioner Helmick seconded to approve a \$1,500.00 donation to Wayne Underwood Field. Motion carried unanimously.

Commissioner Weaver moved and Commissioner Helmick seconded to approve a \$500.00 donation to the Foster Grandparent Program. Motion carried unanimously.

Commissioner Westfall reported that CRI had not had a board meeting for four months.

President Westfall also reported that he had received a copy of the June 2014 report from Minnie Hamilton Emergency Medical Services.

Commission Helmick moved and Commissioner Weaver seconded to approve the following erroneous tax assessment:

Nathan Adams	Lee District	Ticket #302808
Dougs Water Wells	Washington District	Ticket #304344
Ruscee Ferrell	Center District	Ticket #300233
Quentin Murphy	Sheridan District	Ticket #302610
Roger Phillips	Lee District	Ticket #301871
Howard Sterns	Sherman District	Ticket #303801
Katie Walker	Sheridan District	Ticket #302682
Brady Whipkey	Corporation	Ticket #300965

Motion carried unanimously.

Commissioner Helmick moved and Commissioner Westfall seconded to approve the following invoices and financial statement:

- A. Invoices Paid But Not Approved 2013-2014:
 - 1. General Fund - \$110,855.72
 - 2. Coal Severance - \$1,681.54
 - 3. Dog and Kennel - \$195.00
 - 4. General School - \$17,358.92
 - 5. Magistrate Fund - \$10,282.46
 - 6. E-911 - \$40,784.59
 - 7. Home Confinement - \$10,089.60

GRAND TOTAL \$191,247.83

- B. Invoices Paid But Not Approved 2014-15:
 - 1. General Fund - \$12.50
 - 2. Excess Levy - \$3,498.34

GRAND TOTAL \$ 3,510.84

- C. Invoices to be Approved:
 - A. General Fund - \$89,958.52
 - B. Magistrate - \$33.00
 - C. E911 - \$2,049.84

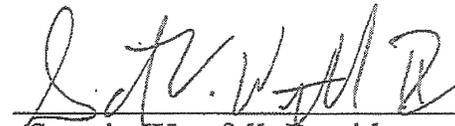
GRAND TOTAL \$ 92,041.36

- D. Financial Statement: June 2014

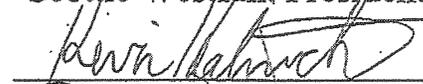
Motion carried unanimously.

Commissioner Helmick moved and Commissioner Weaver seconded to approve the bonds, wills, settlements and orders as presented (see Page 469).

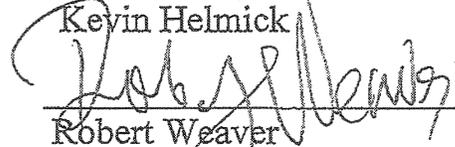
President Westfall adjourned with the next meeting scheduled for August 11, 2014 9:00 a.m.



 Scottie Westfall, President



 Kevin Helmick



 Robert Weaver

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.

- **Courthouse Air Conditioning Grant:** A second contract was signed by Commissioner Helmick to extend central air conditioning to the large courtroom floor of the courthouse. Funding is through the Community Partnership fund.
- **Fiduciary Appointments:** None
- **Budget Meeting:** The commission will meet on June 19, 2012 at 9:00 a.m. for final budget revisions for fiscal year 2011 – 2012.
- **Lights at Wayne Underwood Field:** A report was made to the commission regarding three lights not working at Wayne Underwood Field. The commission asked the County Clerk to contact the power company about fixing them.
- **Roof leak on the City Building:** A report by Deputy Carl Ballengee that the roof was leaking at a dormer on the second floor of the city building. The leak caused damage to a printer on a desk in the office. County Clerk Mike Ritchie had already contacted Peter Cobbett to inspect and give an estimate to repair the roof. Cobbett is trying to locate a boom truck to access the roof for an inspection.
- **Ron Bandy Case:** Prosecutor Rocky Holmes informed the commission that he had worked with Bandy attorney's who had agreed to accept \$20,000 from the fiscal year 2011 – 2012 budget and \$20,000 from next year's budget, thus reducing the award by some \$12,000. The commission put the Bandy request on the agenda for the July 19, 2012 meeting. They will take money from the regional jail fund and transfer to Sheriff Law enforcement to pay the bill.
- **Janet Heiney, Mid Ohio Valley Health Department:** The commission was presented a grant by Janet at the previous meeting for the commission to consider

supporting. A motion to support the grant was made by Commissioner Westfall, seconded by Commissioner Weaver, motion passed unanimously.

- The commission requested to enter into Executive Session at 10:35 a.m. until 10:55 a.m., no action taken.
- The commission voted to pay Attorney Karen Miller, currently representing the commission in the Eddie Harris case, out of regional jail funds.
- **Erroneous Tax Assessments:** Commissioner Weaver made a motion to approve the erroneous assessments as presented, seconded by Commissioner Westfall, motion passed unanimously.
- **Bonds, Bills, Wills and Settlements:** Commissioner Helmick made a motion to approve as presented, seconded by Commissioner Westfall, motion passed unanimously.
- **Erroneous Tax assessments:**

James Bell	Ticket# 11240	Erroneous	Relieved	Assessors Office
Warren McWilliams	Ticket# 300799	Erroneous	Relieved	Assessors Office
Patrick Starkey	Consolidated 4 parcels			
Katherine Tallhammer	Ticket# 302131	Erroneous	Relieved	Assessors Office
Dr. Cinalli	Ticket# 4205	Erroneous	Relieved	Assessors Office
Larry Slider	Ticket# 9847	Erroneous	Relieved	Assessors Office
Sean Whytsell	Ticket# 11010	Erroneous	Relieved	Assessors Office
Sean Whytsell	Ticket# 11011	Erroneous	Relieved	Assessors Office
Tabitha Hardman	Ticket# 4352	Erroneous	Relieved	Assessors Office
Nicholas Vidnovic	Ticket# 10792	Erroneous	Relieved	Assessors Office
- The next regular meeting for the commission will be July 11, 2012 at 9:00 a.m.
- The meeting adjourned at 11:32 a.m.

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.

Erroneous Tax Assessments:

Leona McCown – Assessor’s Office – Ticket#8421 – to be refunded –Erroneous
Leona McCown - Assessor’s Office - Ticket#8539 – to be relieved – Erroneous
Leona McCown – Assessor’s Office – Ticket#8328 – to be refunded – Erroneous
James Morris – Assessor’s Office – Ticket#301782 – to be relieved – Erroneous
James Morris – Assessor’s Office – Ticket#301784 – to be relieved – Erroneous
James Morris – Assessor’s Office – Ticket# 301785 – to be relieved – Erroneous
SGDF – Assessor’s Office = Ticket# 301986 & 301988 – to be relieved – Erroneous
W. Joe Wells – Assessors Office – Ticket# 305425 &305426 – relieved – Erroneous
F. David Bonasso – Assessor’s Office – Ticket# 302315 – to be relieved – Erroneous
Barbara Butcher – Assessor’s Office – Ticket# 302405 – to be relieved – Erroneous
Vickie Anderson – Assessor’s Office – Ticket# 302266 – to be relieved – Erroneous
Tiger.Oil – Assessor’s Office – Ticket# 305346 – to be relieved – Erroneous
Lowell Sampson – Assessor’s Office Ticket# 305200 – to be relieved – Erroneous
Melissa Stout – Assessor’s Office – Ticket# 305326 – to be relieved – Erroneous
David Bonasso – Assessor’s Office – Ticket# 303026 – to be relieved – Erroneous
James Hill – Assessor’s Office – Ticket# 304660 – to be relieved – Erroneous
Big A Oil Inc.- Assessor’s Office Ticket # 304222, 304224, 304225, 304226, 304227, and
304229 – to be relieved – Erroneous
Harry Boggs – Assessor’s Office – Ticket # 304421, 304242, 304243, 304245, 304246,
To be relieved – Erroneous
James Morris – Assessor’s Office – Ticket # 300535 – to be relieved - Erroneous
Leonard Simmons- Assessor’s Office – Ticket# 300663, 300667- to be relieved
Erroneous
Windom Royalties LLC – Assessor’s Office – Ticket# 304086, 304087, 304088 –

To be relieved - Erroneous

George Smith – Assessor's Office – Ticket# 303902 – to be relieved – Erroneous

Janet GibsonTrust – Assessor's Office – Ticket# 303322 to be relieved – Erroneous

Mike Bonasso – Assessor's Office – Ticket# 303034 – to be relieved – Erroneous

Waco O & G. – Assessor's Office – Ticket# 302864, 302866 to be relieved- Erroneous

Herbert Shimer – Assessor's Office – Ticket# 302802 – to be relieved – Erroneous

Mavadelle Living – Assessor's Office – Ticket# 302656 – to be relieved – Erroneous

McIntosh & Grimm – Assessor's Office – Ticket# 301697, 301700 to be relieved –
Erroneous

Moores Well Service – Assessor's Office – Ticket# 304983 to be relieved – Erroneous

Moores Well Service – Assessor's Office – Ticket# 300531 – to be relieved – Erroneous

Shelly Demarino – Assessor's Office – Ticket# 300205 – to be relieved – Erroneous

Consol Gas Co. – Assessor's Office – Ticket# 300125 – to be relieved – Erroneous

Madeline Prather – Assessor's Office – Ticket# 302737 – to be relieved – Erroneous

Zane Shuck – Assessor's Office – Ticket# 302808 – to be relieved – Erroneous

Phillip Shimer – Assessor's Office – Ticket# 302805 – to be relieved – Erroneous

Donald Shimer – Assessor's Office – Ticket# 302801 – to be relieved – Erroneous

Stalnaker & Smith – Assessor's Office – Ticket# 302832 – to be relieved – Erroneous

David Bonasso – Assessor's Office – Ticket# 303029 – to be relieved – Erroneous

Patrick Bonasso – Assessor's Office – Ticket# 303040 – to be relieved – Erroneous

RF Bonasso – Assessor's Office – Ticket# 303045 – to be relieved – Erroneous

Donman Enterprises – Assessor's Office Ticket# 303232 – to be relieved – Erroneous

EQT – Assessor's Office – Ticket# 303247 – to be relieved – Erroneous

SDF 1986-1 – Assessor's Office – Ticket# 303858 – to be relieved – Erroneous

Sharon Smith – Assessor's Office – Ticket# 303911 – to be relieved – Erroneous

Chester Westfall – Assessor's Office – Ticket# 300771 – to be relieved – Erroneous

Prime Energy – Assessor's Office – Ticket# 300579 – to be relieved – Erroneous
Chesapeake – Assessor's Office – Ticket# 304360 – to be relieved – Erroneous
DO Chenoweth Heirs – Assessor's Office – Ticket# 304350 – to be relieved – Erroneous
George Cogar – Assessor's Office – Ticket# 304384 – to be relieved – Erroneous
Consol Gas Co. – Assessor's Office – Ticket# 304420 – to be relieved – Erroneous
Elmo R. Cook – Assessor's Office – Ticket# 304428 – to be relieved – Erroneous
Homer Davis – Assessor's Office – Ticket# 304459 & 304461- Relieved – Erroneous
Judy Ferrell – Assessor's Office – Ticket# 304535 – to be relieved – Erroneous
Paul Fleming – Assessor's Office – Ticket# 304542 – to be relieved – Erroneous
Myla Fleming – Assessor's Office – Ticket# 304539 – to be relieved – Erroneous
David Kessler – Assessor's Office – Ticket#304778 – to be relieved – Erroneous
Kimco – Assessor's Office – Ticket# 304789 – to be relieved – Erroneous
OJ McClung – Assessor's Office - Ticket# 304897 – to be relieved – Erroneous
Mountain Gas – Assessor's Office – Ticket# 304996 – to be relieved – Erroneous
McIntosh & Grimm – Assessor's Office – Ticket# 303590 – to be relieved – Erroneous
Prime Energy – Assessor's Office – Ticket# 301890 – to be relieved – Erroneous
Albert Smith – Assessor's Office – Ticket# 300672 – Double assessed – Erroneous
J. Oshe – Assessor's Office – Ticket# 300558 – double assessed – Erroneous
Margaret Peters – Assessor's Office – Ticket# 305077 – Relieved – Erroneous
Prime Energy – Assessor's Office – Ticket# 305087 – to be relieved – Erroneous
Registry Drilling – Assessor's Office Ticket# 305109, 305110, 305113, 305116, 305117,
To be relieved – Erroneous
Michael or Harold Rexroad – Assessor's Office – Ticket# 305136 – relieved – Erroneous
Mike Ross – Assessor's Office – Ticket#305165, 307167, 305168 – Relieved – Erroneous
BH Stonestreet – Assessor's Office – Ticket# 305307, 305312, 305314, 305315, 305316
To be relieved – Erroneous

BH Stonestreet – Assessor’s Office – Ticket# 305321 – to be relieved – Erroneous

David H. Wallace – Assessor’s Office – Ticket# 305402, 305404 – to be relieved

Erroneous

Eastern Seven Partners – Assessor’s Office – Ticket# 302512, 302513, 302514 – Relieved

Erroneous

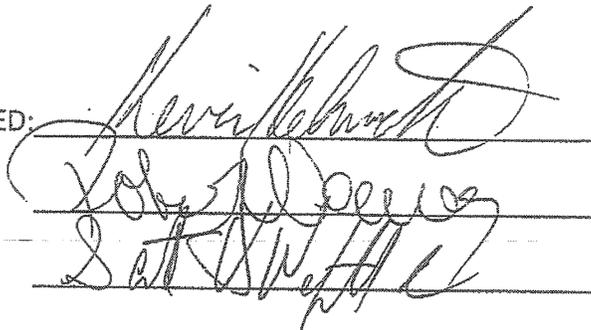
Greer Inc. – Assessor’s Office – Ticket# 302555 – to be relieved – Erroneous

Registry Drilling – Assessor’s Office – Ticket# 305395, 305396, 305399, to be relieved

Erroneous

- Motion by Commissioner Westfall to approve the Erroneous Taxes as presented, seconded by Commissioner Weaver, motion passed unanimously.
- August Meeting: August 8, 2012 at 9:00 a.m.

APPROVED:



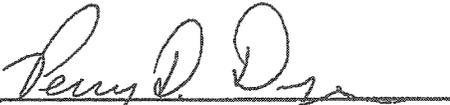
The image shows three handwritten signatures in cursive, written over three horizontal lines. The top signature is the largest and most prominent, followed by a smaller one, and then a third signature at the bottom. The lines are evenly spaced and extend across the width of the signatures.

BOOK 008 PAGE 408

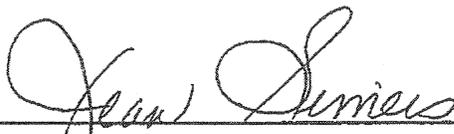
OATH

STATE OF WEST VIRGINIA, COUNTY OF CALHOUN:

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 Board Member of the Pleasant Hill Public Service District, State of West Virginia to the best of my skill and judgment, SO HELP ME GOD.

Signed: 
Perry Dye

Subscribed and sworn to before the undersigned, this the 14TH day of July, 2014.


Jean Simers, County Clerk

Jean Simers
CALHOUN County 08:50:24 AM
Instrument No 47904
Date Recorded 07/15/2014
Document Type OATH
Pages Recorded 1
Book-Page

BOOK 008 PAGE 218

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

Michael Ritchie
CALHOUN County 01:50:16 PM
Instrument No 22136
Date Recorded 07/12/2012
Document Type OATH
Pages Recorded 1
Book-Page 8-230

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

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. Nichols
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 6th day of April, 2004.


Secretary

PLEASANT HILL PUBLIC SERVICE DISTRICT (PHPSD)

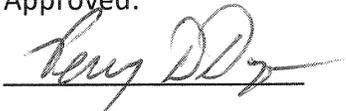
REGULAR MEETING – JANUARY 14, 2016

The regular monthly business meeting of the Pleasant Hill PSD was held on JANUARY 14, 2016. The meeting was held at the District Office on Nobe Road and called to order at 6:00 pm. Those present: Dale Cunningham, Perry Dye, Bob Beall – Board Members, and JoAnn Dunn, Office Manager, Jeff Engle and Alex Cunningham.

BUSINESS DISCUSSED The minutes of the December 2015 meeting were approved as presented and the bills for the month of January 2016 were approved. Motion was made by Dale Cunningham to approve minutes and expenses, seconded by both Perry Dye and Bob Beall, motion carried.

- Discussion about delinquency notices, there were 99 customers called on December 28th, ^{with} 17 customers without phones were knocked on door, ending with one shut offs. They were Nina Parsons.
- Discussion regarding all the applications for water service. They were Samantha Yoak, J. D. Cunningham, Zachary Chaney, Rodney Kuhn and Mathew Nicholson. Motion to accept these new customers by Dale Cunningham, 2nd by both Perry Dye and Bob Beall.
- Discussion regarding the approval for all water Leak Adjustments that were requested. They were Bernard Miller. Dale made a motion to grant water leak adjustment, 2nd by both Perry and Bob.
- Discussion regarding the Municipal Bond Commission's Statement of Accounts.
- Discussion regarding the generator at Town Hill water tank. Dale to discuss information with Gary Boyles of Dominion Hope Gas Co.
- Dale made a motion to put in a Water Buffalo outside of current office. He agreed to find out more information regarding this.
- Discussion regarding Pre-Bid meeting on January 19th here at the office at 10:00 AM.
- Jeff and Alex to start reading meters on Monday, January 11th but must be completed by January 22nd, so the bills can go out on January 25th.
- Next regular meeting to be held on February 11th, 2016
- Dale made a motion to adjourn, with no further business to discuss.

Approved:

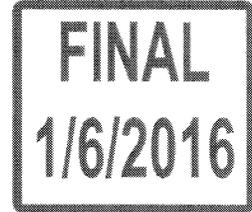


Perry Dye, Treasurer



Dale Cunningham, Chairman

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON



Entered: December 17, 2015

CASE NO. 15-1334-PWD-CN

PLEASANT HILL PUBLIC SERVICE DISTRICT,
A public utility,

Application for a certificate of convenience and
necessity to construct, own and operate a waterline
extension (Leaf Bank Run, Upper Back Fork and
Leading Creek.)

RECOMMENDED DECISION

This Order grants (i) a certificate of public convenience and necessity (Certificate) as requested and (ii) increased rates in two steps on substantial completion of the project consistent with the recommendation of Commission Staff.

BACKGROUND

On August 13, 2015, the Pleasant Hill Public Service District (PHPSD) applied for a Certificate to construct a waterline to extend service to approximately 35 new customers in the Leaf Bank Run, Back Fork and Leading Creek areas of Calhoun County. The PHPSD proposal includes construction of approximately 8,000 line feet (LF) of eight-inch line, 35,000 LF of six-inch line and 6,000 LF of two-inch line along with the necessary appurtenances. PHPSD obtains potable water from the Town of Grantsville for sale to its customers.

PHPSD has obtained a combination of grant and loan funding for the proposed project. The funding includes a \$932,000 grant from the Appalachian Regional Commission (ARC), a \$1 million grant from the US Department of Agriculture Rural Utilities Service (RUS) and a \$483,000 RUS loan at 3.25 percent interest over forty years. PHPSD calculated that the loan and revised operating costs would require an additional twelve percent in rates. PHPSD also attached a number of exhibits in support of its Certificate application including a Tariff Rule 42 Financial Exhibit¹.

On August 18, 2015, the Commission directed PHPSD to publish a Notice of Filing in the area of service and provide separate notice to customers. The notice advised customers of the thirty-day protest period.

¹ See, Rule 42 of the Rules for the Construction and Filing of Tariffs, 150 C.S.R. Series 2 (Tariff Rules).

KAG

On August 26, 2015, the Commission referred this matter to its Division of Administrative Law Judges (ALJ) for a Recommended Decision on or before December 28, 2015, unless there is substantial protest in this matter within thirty days of PHPSD providing public notice.

On September 14, 2015, PHPSD filed affidavits attesting to publication of the prescribed notice in the Calhoun Chronicle on August 27, 2015, and the Ritchie Gazette and the Cairo Standard on August 26, 2015. PHPSD also filed the associated invoices on September 15, 2015.

On September 15, 2015, Staff filed an initial memorandum stating that it would continue to review this matter. Separately, Staff tendered a data request to PHPSD seeking certain financial and permit information.

On September 23, 2015, PHPSD filed a letter stating that it intended to file a surface disturbance permit within twenty days.

On October 9, 2015, PHPSD responded to the Staff data request.

On November 10, 2015, Staff filed a final memorandum recommending that the Commission approve the Certificate application and associated financing as requested. Staff also recommended increased rates as reflected in Appendix A to take effect for twenty-four months on project completion and the rates in Appendix B thereafter. Finally, Staff requested that the Commission direct PHPSD to file (i) outstanding regulatory permits, (ii) a certified bid tabulation and (iii) a certificate of substantial completion with the Commission when available.

On December 10, 2015, the presiding ALJ directed PHPSD to certify that it provided customers with individual notice as required by the August 18, 2015 Commission Order.

On December 14, 2015, PHPSD certified that it notified each of its customers of this matter individually, but represented that the certification listed an erroneous date of mailing.

As of the date of this Recommended Decision, no one has filed a protest in response to the public notice PHPSD provided or a response to the final Staff recommendation.

DISCUSSION

Certificate Project

PHPSD seeks a Certificate from the Commission to allow it to extend water service to approximately 35 new customers in the Leaf Bank Run, Back Fork and Leading Creek areas of Calhoun County. PHPSD has assembled a financing package that includes a \$932,000 grant from the ARC, a \$1 million RUS grant and a \$483,000 RUS loan at 3.25 percent interest for forty years.

Staff reviewed the proposed project and noted that no other public water systems are available within five miles of the proposed project areas. Although the cost per customer is high, the project is approximately 80 percent grant funded. Therefore, Staff recommended that the Commission approve the proposed Certificate application. Staff also recommended approval of the proposed project financing. Further, Staff requested that the Commission direct PHPSD to file copies of (i) outstanding regulatory permits, (ii) the certified bid tabulation and (iii) any certificate of substantial completion with the Commission when issued.

Considering the representations from the application and the Staff recommendation, it is reasonable to grant a Certificate for the proposed construction project and approve the associated financing package. The proposed project will extend public water to new areas that are several miles from any alternative public source. Further, a majority of the proposed financing is grant funded, reducing the construction costs borne by customers. Therefore, the proposed project advances the public convenience and necessity and is entitled to a Certificate under W.Va. Code §24-2-11. The proposed financing package is reasonable and will be approved. PHPSD will also file the documents Staff requested to allow Staff to monitor the project.

Project Rates

In addition to seeking Commission approval for the project described in the August 13, 2015 Application, PHPSD requested increased rates to offset the cost to service the loan partially financing the project and increased operating costs. Specifically, PHPSD requested that the Commission approve an increase that Staff calculated as 14.34 percent and filed a Tariff Rule 42 Financial Exhibit to support the proposed rates.

Staff recommended that the Commission approve increased rates as set forth in Appendix A for twenty-four months after project completion, with increases ranging from 10.41 percent to 11.49 percent depending on the rate schedule, except for zero usage customers.² Step One rates are projected to provide a surplus of \$12,004 for capital additions and debt service coverage of 188.21 percent. After the initial twenty-four months, Staff proposed the rates listed in Appendix B. The rates within Appendix B drop to 3.4 percent above current rates (or drop by 7.2 percent from the rates listed in Appendix A). The rates Staff proposed include a pending increase under Tariff Rule 30-B and funds to allow PHPSD to comply with legislation mandating a working capital reserve as set forth in W.Va. Code §24-1-1(k). The Step Two rates are projected to provide PHPSD an annual surplus of \$11,145 and debt service coverage of 133.07 percent. Staff also recalculated the PHPSD leak adjustment rate. No one from the public objected to the rates PHPSD published and PHPSD did not object to the rates Staff recommended.

Considering the analysis contained in the final Staff recommendation and the lack of public protest, the rates set forth in Appendix A and Appendix B are just and reasonable for all service provided by PHPSD on substantial completion of the project approved in this Order.

² Zero usage customers will see an increase of 22.99 percent because Staff incorporated the impact of a separate filing under Tariff Rule 30-B into its proposed rates. PHPSD published the increases attributable to the Tariff Rule 30-B filing separately in Case No. 15-0472-PWD-30B. (See, October 2, 2015 Filing in Case No. 15-0472-PWD-30B.)

(See, W.Va. Code §24-2-4a.) PHPSD will file an original and six copies of revised tariff sheets reflecting the rates and charges approved in this Order with the Commission Tariff Office within thirty days of substantial completion of the project. (See, Tariff Rule 1.) The revised tariff sheets will also reflect that they are issued under the authority of the Commission in this proceeding. (Tariff Rule 21.)

Notice

As directed in the August 18, 2015 Commission Order, PHPSD published notice of the project and proposed rates in the in the Calhoun Chronicle on August 27, 2015, and the Ritchie Gazette and the Cairo Standard on August 26, 2015. PHPSD filed proof of publication on September 14, 2015. It subsequently filed proof on individual customer notice on December 14, 2015. The notice PHPSD provided adequately informed its customers of the proposed project and associated project rates as required by the August 18, 2015 Commission Order. PHPSD, however, should promptly file an amended certificate regarding individual notice that properly reflects the date of mailing as a closed entry under this case number.

FINDINGS OF FACT

1. PHPSD applied for a Certificate to construct a water distribution system to provide service to approximately 35 new customers in the Leaf Bank Run, Back Fork and Leading Creek areas of Calhoun County. (Application.)
2. There is no current alternative public water facilities within five miles of the proposed project areas. (November 10, 2015 Staff Memorandum.)
3. PHPSD assembled a financing package that includes a \$932,000 grant from the ARC, a \$1 million RUS grant and a \$483,000 RUS loan at 3.25 percent interest for forty years. (Id., Application.)
4. PHPSD requested additional rates to service the proposed loan and offset increased operational costs. (Id., Application.)
5. Staff recommended (i) issuing a Certificate to allow construction of the proposed project, (ii) approval of the associated financing, (iii) revised rates as set forth in Appendix A on project completion and (iv) revised rates as set forth in Appendix B twenty-four months after project completion. (November 10, 2015 Staff Memorandum.)
6. Staff recommended rates for a period of two years after substantial project completion that vary from an additional 10.41 percent to 11.49 percent above current rates, except for zero usage customers. These rates, as depicted in Appendix A, provide debt service coverage of 188.21 percent and a surplus of \$12,004 that is available for capital additions. The rates are adequate to offset increased costs resulting from the construction project, a pending request under Tariff Rule 30-B and to comply with W.Va. Code §24-1-1(k). (Id. at Exhibit 1.)

7. Staff recommended rates beyond two years after substantial project completion that generate 3.4 percent above current rates. These rates, as depicted in Appendix B, will meet projected expenses, provide a surplus of \$11,145 for PHPSD and allow debt service coverage of 133.07 percent. (Id.)

8. No one filed a protest regarding any aspect of the Certificate application or a request to intervene after notice by publication and a separate mailing. (September 14, 2015 Filing, December 14, 2015 Filing.)

CONCLUSIONS OF LAW

1. A utility must obtain a Certificate from the Commission before construction of physical plant or equipment for furnishing a public service unless the construction is an ordinary extension of existing systems in the usual course of business. (W.Va. Code §24-2-11.)

2. The proposed project is entitled to a Certificate because it furthers the public convenience and necessity. (Id.)

3. The proposed project financing set forth in the application is reasonable.

4. The revised rates listed in Appendix A, effective on substantial completion of the proposed project, are just, reasonable and sufficient to finance (i) the project, (ii) PHPSD operations going forward and (iii) build a working capital reserve. (W.Va. Code §§ 24-1-1(k), 24-2-4a.)

5. The revised rates listed in Appendix B, effective twenty-four months after completion of the proposed project are just, reasonable and adequate to finance PHPSD operations going forward. (W.Va. Code §24-2-4a.)

6. PHPSD provided adequate notice to comply with the requirements of the August 18, 2015 Commission Order, but should promptly file a correction to its December 14, 2015 Filing.

ORDER

IT IS THEREFORE ORDERED that PHPSD is granted a Certificate to construct the proposed water project as set forth in the August 13, 2015 Application pursuant to W.Va. Code §24-2-11.

IT IS FURTHER ORDERED that the proposed financing consisting of a \$932,000 grant from the ARC, a \$1 million RUS grant and a \$483,000 RUS loan at 3.25 percent interest for forty years is approved.

IT IS FURTHER ORDERED that if the scope or plans of the project change or there are further changes in any rates charged in association with the project, PHPSD must obtain prior Commission approval of any such changes. Changes in project costs or financing do not require separate approval if those changes do not affect rates and PHPSD submits an affidavit from a certified public accountant attesting to the lack of rate impact.

IT IS FURTHER ORDERED that PHPSD provide the Commission copies of all outstanding regulatory permits and approvals required for construction of the project within ten days of issuance of the permit or other approval.

IT IS FURTHER ORDERED that PHPSD provide the Commission with a copy of an engineer's certified bid tabulation for all construction contracts associated with the project within ten days after the issuance of the tabulation.

IT IS FURTHER ORDERED that PHPSD submit a copy of the certificate of substantial completion for each construction contract associated with this project to the Commission within ten days of the issuance of that document.

IT IS FURTHER ORDERED that PHPSD comply with all rules and regulations of the Division of Highways regarding its existing easements.

IT IS FURTHER ORDERED that the increased rates and charges reflected in Appendix A to this Recommended Decision are approved for all service PHPSD provides for the first twenty-four months after substantial completion of the project approved herein.

IT IS FURTHER ORDERED that the rates and charges reflected in Appendix B to this Recommended Decision are approved for all service PHPSD provides more than twenty-four months after substantial completion of the project approved herein.

IT IS FURTHER ORDERED that PHPSD file an original and six copies of revised tariff sheets reflecting the increased rates and charges approved by this Order with the Commission Tariff Office within thirty days of substantial completion of the project. The revised tariff sheets shall also reflect that the increased rates and charges are issued by the authority of the Commission in this proceeding.

IT IS FURTHER ORDERED that PHPSD promptly file a corrected version of its December 14, 2015 Filing.

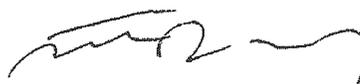
IT IS FURTHER ORDERED that this matter is removed from the Commission docket of active cases on the effective date of this Recommended Decision.

The Executive Secretary is ordered to serve this Order upon the Commission and its Staff by hand delivery, upon all parties of record who have filed an e-service agreement with the Commission by electronic service and upon all other parties by United States Certified Mail, return receipt requested.

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

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

Any party may request waiver of the right to file exceptions by filing an appropriate petition in writing with the Executive Secretary. No such waiver, however, will be effective until approved by order of the Commission.



Matthew J. Minney
Deputy Chief Administrative Law Judge

MJM:s:lc
151334aa.doc

PLEASANT HILL PUBLIC SERVICE DISTRICT
CASE NO. 15-1334-PWD-CN
APPROVED TARIFF

(Step 1 Rates – Effective for 24 Months after Substantial Project Completion)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

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

RATES (Customers with metered water supply)

First	3,000	gallons used per month	\$15.06 per M gallons
Next	3,000	gallons used per month	\$14.85 per M gallons
Next	4,000	gallons used per month	\$12.35 per M gallons
Next	10,000	gallons used per month	\$11.18 per M gallons
All Over	20,000	gallons used per month	\$ 8.26 per M gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 28.14 per month
3/4 inch meter	\$ 42.21 per month
1 inch meter	\$ 70.35 per month
1¼ inch meter	\$ 102.71 per month
1½ inch meter	\$ 140.70 per month
2 inch meter	\$ 225.12 per month
3 inch meter	\$ 450.24 per month
4 inch meter	\$ 703.50 per month
6 inch meter	\$1,407.00 per month

The above charges are subject to an additional \$0.99 per M 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 \$150.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$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 violation of rules, nonpayment of bills or fraudulent use of water.

LEAK ADJUSTMENT

\$7.43 per 1,000 gallons of water is to be used to calculate leak adjustments 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 the bank due to insufficient funds.

SECURITY DEPOSIT

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

PRIVATE FIRE PROTECTION SERVICE

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

4-inch service line with hydrants, sprinklers and/or hose connections	\$16.74 per month
6-inch service line with hydrants, sprinklers and/or hose connections	\$20.42 per month
8-inch service line with hydrants, sprinklers and/or hose connections	\$25.05 per month

Where connections and hydrants on private property are maintained by Utility:
Each fire hydrant \$16.31 per month

These terms are payable monthly in advance.

PLEASANT HILL PUBLIC SERVICE DISTRICT
CASE NO. 15-1334-PWD-CN
APPROVED TARIFF

(Step 2 Rates – Effective from 24 Months after Substantial Project Completion)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

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

RATES (Customers with metered water supply)

First	3,000	gallons used per month	\$13.98 per M gallons
Next	3,000	gallons used per month	\$13.78 per M gallons
Next	4,000	gallons used per month	\$11.46 per M gallons
Next	10,000	gallons used per month	\$10.38 per M gallons
All Over	20,000	gallons used per month	\$ 7.67 per M gallons

MINIMUM CHARGE

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

5/8 inch meter	\$ 26.11 per month
3/4 inch meter	\$ 39.17 per month
1 inch meter	\$ 65.28 per month
1¼ inch meter	\$ 95.30 per month
1½ inch meter	\$ 130.55 per month
2 inch meter	\$ 208.88 per month
3 inch meter	\$ 417.76 per month
4 inch meter	\$ 652.75 per month
6 inch meter	\$1,305.50 per month

The above charges are subject to an additional \$0.92 per M 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 \$150.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$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 violation of rules, nonpayment of bills or fraudulent use of water.

LEAK ADJUSTMENT

\$7.43 per 1,000 gallons of water is to be used to calculate leak adjustments 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 the bank due to insufficient funds.

SECURITY DEPOSIT

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

PRIVATE FIRE PROTECTION SERVICE

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

4-inch service line with hydrants, sprinklers and/or hose connections	\$16.74 per month
6-inch service line with hydrants, sprinklers and/or hose connections	\$20.42 per month
8-inch service line with hydrants, sprinklers and/or hose connections	\$25.05 per month

Where connections and hydrants on private property are maintained by Utility:

Each fire hydrant	\$16.31 per month
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These terms are payable monthly in advance.



Rural Development

April 7, 2014

West Virginia State
Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

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

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

RE: Leaf Bank Run/ Upper Back Fork/Leading Creek
Water Extension Project

Dear Mr. Cunningham:

This letter, with Attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by USDA, Rural Development (RD). 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 RD loan in the amount of \$415,000, an RD grant in the amount of \$1,000,000, and other funding in the amount of \$1,000,000, for a total project cost of \$2,415,000. The other funding is planned in the form of a Appalachian Regional Commission grant from the State of West Virginia.

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 website located at www.rurdev.usda.gov/UWEP_HomePage.html for the following:

1. RUS Instruction 1780
2. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
3. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
4. RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"

If you do not have internet access, we will provide the appropriate documents.

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 – Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 4 – Declination Statement (Applicant and Attorney Copies)
- Attachment No. 5 – Form RD 1927-9, “Preliminary Title Opinion” (Attorney Copy)
- Attachment No. 6 – Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” (Attorney Copy)
- Attachment No. 7 – Form RD 1927-10, “Final Title Opinion” (Attorney Copy)
- Attachment No. 8 – Guidance to Local Attorney (Applicant and Attorney Copies)
- Attachment No. 9 – WV Supplemental General Conditions (Engineer Copy)
- Attachment No. 10 – Labor Standards Provisions (Engineer Copy)
- Attachment No. 11 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
2. System for Award Management – System for Award Management (SAM) is a Federal Government database that has combined federal procurement systems and the Catalog of Federal Domestic Assistance into one system. The initiation of SAM includes the functionality of (1) Central Contractor Registry (CCR), (2) Federal Agency Registration (Fedreg), (3) Online Representations and Certifications Application, and (4) Excluded Parties List System (EPLS). The benefits of SAM include streamlined and integrated processes, elimination of data redundancies, and reduced costs while providing improved capability. Registering with SAM is required for all recipients of Federal loans and grants. Registration expires every 12 months and must be renewed. Federal regulation 2 CFR 25.110, requires recipients to maintain this registration until all funds have been expended. Funds will not be disbursed to recipients with expired registrations. Failure to maintain a current SAM registration could delay loan closing and/or payments during construction. Detailed instructions on registration and renewal are available at www.sam.gov or can be provided by our agency.
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 3.25% interest rate and a monthly amortization factor of .00383, which provides for a monthly payment of \$1,590.00. The District will participate 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. The District 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 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 the District may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD if at any time it shall be determined the District is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

4. Security – The loan must be secured by a statutory lien of equal priority, a pledge of the system’s revenues and other agreements between you and RD as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of the District. 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 you will have at least 696 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 42 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the District’s existing water system, which is to be improved and expanded by the new project, at the time you request authorization to advertise the proposed project for construction bids.

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

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

6. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. E-500, “Agreement between Owner and Engineer for Professional Services” (2008 Edition) should be utilized (3 Copies). The EJCDC document is issued under copyright and cannot be provided by RD.
7. Accounting Services – Agency regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the District. “Government Auditing Standards” (Revised July 2007), which may be accessed at www.gao.gov/govaud/ybk01.htm, and RUS Bulletins 1780-30 and 1780-31, which may be accessed at our agency website, www.rurdev.usda.gov/UWEP_HomePage.html, 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.
12. 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:
- a. West Virginia Department of Highways
 - b. State Department of Health
 - c. Department of Environmental Protection
 - d. Public Land Corporation
13. 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 RD.
 - 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.

14. 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 the public service district 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 amount of coverage required by RD will normally approximate the total annual debt service requirements for the RD loans.

The minimum coverage acceptable to RD 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.

15. 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.

- 16. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) – Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All

other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

17. 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 provide 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.

18. Contract Documents, Final Plans and Specifications –

- a. The contract documents should consist of the following:
 - i. EJCDC Document No. C-520, 2013 Edition, “Suggested Form of Agreement between Owner and Contractor (Stipulated Price) and EJCDC Document No. C-700, 2013 Edition, “Standard General Conditions of the Construction Contract” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RD.
 - ii. “WV Supplemental General Conditions.” (See Attachment No. 9)

- 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. 10). 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 (August 20, 2009 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 each occurrence. This coverage must include indemnification of the District and its engineer. EJCDC Document C-700, “Standard General Conditions of the Construction Contract” and Exhibit H 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 RD for approval.
 - d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
19. Disbursement of Funds – The RD funds will be advanced as they are needed in the amount(s) necessary to cover the RD 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:
- i. Non-Profits
Interest earned on grant funds in excess of \$250 per year will be remitted to RUS annually as required in 7 CFR 3019.
 - ii. Public Bodies
Interest earned on grant funds in excess of \$100 per year will be submitted to RD 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 RD.

22. Water Purchase Contract – You propose to purchase treated water from the Town of Grantsville; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RD.
23. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. The evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
24. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
- a. Form RD 1940-1 – “Request for Obligation of Funds”
 - b. RUS Bulletin 1780-12 – “Water or Waste System Grant Agreement”
 - c. RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”
 - e. Certification of Compliance
 - f. Form RD 1942-46, “Letter of Intent to Meet Conditions”

26. 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.
27. Upon receipt of the loan and grant docket, which contains all the items required above, RD 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 RD with (a) a certified bid tabulation, (b) the project engineer's written evaluation of the bids received, and (c) your written 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.
28. Excess Loan and Grant Funds – If, after bid opening, there is determined to be a significant reduction in project cost, the District's funding needs will be reassessed. Decreases in RD funds will be based on revised project costs and current number of users; however, other factors including RD regulations used at the time of loan and grant approved will remain the same. Obligated loan and grant funds not needed to complete the proposed project will be deobligated. Any reduction will be applied to grant funds first. In such cases, applicable forms, the letter of conditions, and other items will be revised.
29. Use of Remaining Funds – Application contributions will be the first funds expended in the project. Remaining funds may be considered in direct proportion to the amounts obtained from each source and handled as follows:
 - a. Remaining funds may be used for eligible loan and grant purposes, provided the use will not result in major changes to the facility(s) and the purpose of the loan and grant remains the same.
 - b. Agency loan funds that are not needed will be applied as an extra payment on the Agency indebtedness unless other disposition is required by the bond ordinance, resolution, or State statute.
 - c. Grant funds not expended for eligible purposes will be cancelled. Prior to actual cancellation, you and your attorney and engineer will be notified of the Agency's intent to cancel the remaining funds and given appropriate appeal rights.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the District still wishes to

proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

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

Sincerely,



BOBBY LEWIS
State Director

Enclosures

cc: Alan L. Harris, Area Director
ATTN: Virginia M. McDonald, Area Specialist
Ripley, WV

Boyles and Hildreth, Consulting Engineers
ATTN: James B. Hildreth, P.E.
P.O. Box 614
Spencer, WV 25276

Smith, Cochran & Hicks, PLLC
ATTN: Todd Dingess, CPA
3510 MacCorkle Avenue, SE
Charleston, WV 25304

White Law Offices, PLLC
ATTN: S. Ryan White, Esquire
P.O. Box 18387
South Charleston, WV 25303

Drew Patton Law Office
ATTN: Drew Patton, Esquire
210 Court Street
Spencer, WV 25276

Mid-Ohio Valley Regional Council
ATTN: Tim Meeks, Grants Coordinator
P.O. Box 247
Parkersburg, WV 26102

Pleasant Hill Public Service District
Leaf Bank Run/Upper Back Fork/Leading Creek Water Extension
Project Construction Budget

<u>PROJECT COST</u>	<u>ARC GRANT</u>	<u>RD GRANT</u>	<u>RD LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 1,000,000	\$ 575,850	\$ 235,100	\$ 1,810,950
CONST. CONTINGENCY		\$ 126,800		\$ 126,800
LAND & RIGHTS		\$ 3,550	\$ 1,450	\$ 5,000
LEGAL FEES		\$ 2,800	\$ 11,200	\$ 14,000
BOND COUNSEL			\$ 7,500	\$ 7,500
ACCOUNTING			\$ 7,500	\$ 7,500
ENGINEERING FEES		\$ 191,610	\$ 124,440	\$ 316,050
Basic - \$155,550				
Insp. - \$142,000				
Special - \$18,500				
INTEREST			\$ 17,900	\$ 17,900
TECHNICAL SERVICES		\$ 30,000		\$ 30,000
EQUIPMENT		\$ 25,000		\$ 25,000
PROJECT CONTG.		\$ 44,390	\$ 9,910	\$ 54,300
TOTAL	\$ 1,000,000	\$ 1,000,000	\$ 415,000	\$ 2,415,000

Rates

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	\$ 13.38	per M gallons
Next	3,000	gallons @	\$ 13.04	per M gallons
Next	4,000	gallons @	\$ 10.61	per M gallons
Next	10,000	gallons @	\$ 9.46	per M gallons
Over	20,000	gallons @	\$ 6.61	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	\$ 24.80	per month
3/4"	meter	\$ 37.20	per month
1"	meter	\$ 62.00	per month
1 1/2"	meter	\$ 124.00	per month
2"	meter	\$ 198.40	per month
3"	meter	\$ 372.00	per month
4"	meter	\$ 620.00	per month
6"	meter	\$ 1,240.00	per month
8"	meter	\$ 1,984.00	per month

The above minimum charge is subject to an additional charge of \$0.98 per 1,000 gallons of water used.

Delayed Payment Penalty

The above schedule is net. On all current 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.

Connection Charge

Prior to Construction - \$100.00

A tap fee of \$150.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

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

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

PROFORMA - INDUSTRIAL

	NUMBER OF USERS	USAGE	MINIMUM RATE	MINIMUM REV	FIRST 3M GALLONS	NEXT 3M GALLONS	NEXT 4M GALLONS	NEXT 10M GALLONS	OVER 20M GALLONS
5/8" Minimums	101	78.1	\$ 24.80	2,504					
1" Minimums	18	35.2	\$ 61.99	1,116					
1 1/2" Minimums			\$ 123.98	-					
2" Minimums			\$ 198.37	-					
3,001 - 6,000 gallons	27	166.6			81.0	85.6			
6,001 - 10,000 gallons	12	87.8			36.0	36.0	15.8		
10,001 - 20,000 gallons	4	65.4			12.0	12.0	16.0	25.4	
All over 20,000 Gallons	6	352.9			18.0	18.0	24.0	60.0	232.9
TOTALS	168	786.0		3,620	147.0	151.6	55.8	85.4	232.9
RATES					\$13.38	\$13.04	\$10.61	\$9.46	\$6.61
PROCEEDS				3,620	1,967	1,976	592	808	1,539
									0
									10,503
Avg. mo. bill (based on 4.0M gallons)	\$53.19								
Avg. mo. bill (based on 4.5M gallons)	\$59.71								
									111
									10,614
									1,011,577
									<u>10,737</u>

Annual Revenue

Gal Rate

30-B Minimum Increment

Net Annual Revenues

Adjustment Factor

Adjusted Annual Revenue

PROFORMA - New Customers

	NUMBER OF USERS	USAGE	MINIMUM RATE	MINIMUM REV	FIRST 3M GALLONS	NEXT 3M GALLONS	NEXT 4M GALLONS	NEXT 10M GALLONS	OVER 20M GALLONS
5/8" Minimums	120	180.0	\$ 24.80	2,976					
1" Minimums			\$ 61.99	-					
1 1/2" Minimums			\$ 123.98	-					
2" Minimums			\$ 198.37	-					
3,001 - 6,000 gallons	372	1,346.4			1,116.0	230.4			
6,001 - 10,000 gallons	12	86.4			36.0	36.0	14.4		
10,001 - 20,000 gallons					0.0	0.0	0.0	0.0	
All over 20,000 Gallons					0.0	0.0	0.0	0.0	0.0
TOTALS	504	1,612.8		2,976	1,152.0	266.4	14.4	0.0	0.0
RATES					\$13.38	\$13.04	\$10.61	\$9.46	\$6.61
PROCEEDS				2,976	15,418	3,473	153	0	0
					Annual Revenue				22,020
					30-B Minimum Increment				176
					Gal		180.0		0.98
Avg. mo. bill (based on 4.0M gallons)	\$53.19				Net Annual Revenues				22,196
Avg. mo. bill (based on 4.5M gallons)	\$59.71				Adjustment Factor				1
					Adjusted Annual Revenue				22,196
					Total Adjusted Proforma Revenue				\$ 389,682

**PLEASANT HILL PUBLIC SERVICE DISTRICT
OPERATING BUDGET**

OPERATING INCOME

Metered Sales \$ 389,682
Penalties \$ 8,313

TOTAL OPERATING INCOME \$ 397,995

NON OPERATING INCOME

Interest income \$ 147

TOTAL NON OPERATING INCOME \$ 147

TOTAL INCOME

\$ 398,142

EXPENSES

O & M \$ 305,372
Taxes \$ 8,085

TOTAL EXPENSES \$ 313,457

INCOME AVAILABLE FOR D/S (A)

\$ 84,685

DEBT SERVICE

Existing Bond P & I (B) \$ 42,888
Proposed Bond P & I (B) \$ 19,080

TOTAL DEBT SERVICE \$ 61,968

DEBT SERVICE RESERVE

Debt Service Reserve* \$ 1,908

TOTAL DEBT SERVICE RESERVE \$ 1,908

SURPLUS (DEFICIT)

\$ 20,809

DEBT COVERAGE (A/B)

136.66%

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL DEVELOPMENT
 Pleasant Hill Public Service District
 Leaf Bank Run/Upper Back Fork/Leading Creek Water Extension
 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		RD		X	3
	System for Award Management (SAM) CAGE Code and Expiration Date	1		Applicant		X	3
AD 3031	Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants	1	Sections 738 and 739 FY 2012 Appro. Act			X	5
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		X	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		X	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		X	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		X	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant			1
	Staff Review Financial Statements	1	S.I. 1780.2	RD		X	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer			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	RD		X	3
	Processing Conference	1	1780.39(a)	RD		X	3
	Environmental Report	2	1794	Applicant		X	3
	Environmental Assessment	2	1794	RD/ Engineer		X	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RD/ Applicant		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)	RD			3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		X	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		X	8

<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>
	Statement reporting the <u>total</u> number of <u>potential</u> users		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)	RD		X	3
	Documentation on Service Area	1	1780.11	RD		X	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RD			1
	Letter of Conditions	7	1780.41 (a)(5)	RD			3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		X	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		X	2
CPAP Form	Project Information	2	1780.41(a)	RD			1
CPAP Form	Underwriting Information	2	1780.33(h)	RD			3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RD/ 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>
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RD/ 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		X	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RD			3
RD 1910-11	Applicant Certification, Federal Collect- ion Policies	1	1780.33(h)	Applicant		X	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		X	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		X	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel		X	5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		X	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant		X	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RD			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RD			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RD Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RD			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RD			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RD/ Attorney			3
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
	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)	RD			5
	S/O Closing Instructions	1	1780.44(h)	RD			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)	RD			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7

<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>
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RD/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RD			5

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

- (a) Copies of all organizational documents;
- (b) Copies of general incumbency certificate;
- (c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;
- (d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;
- (e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;
- (f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;
- (g) Specimen bond, with any attached coupons;
- (h) Attorney's no-litigation certificate;
- (i) Certified copies of resolutions or other documents pertaining to the bond award;
- (j) Any additional or supporting documents required by bond counsel;
- (k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;
- (l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).



Rural Development

June 24, 2014

Ripley Area Office

2118 Ripley Road
Ripley, WV 25271

Phone: 304-372-6231

Ext. 4

Fax: 304-372-6856

Dale Cunningham, Chairman
Pleasant Hill Public Service District
122 Noble Road
Five Forks, WV 26136

RE: Leaf Bank Run/Upper Back Fork/Leading Creek
Water Extension Project

Dear Mr. Cunningham:

This letter is to confirm delivery of the Amended Letter of Conditions in connection with the Leaf Bank Run/Upper Back Fork/Leading Creek Water Extension Project.

The District was furnished with a copy of the Amended Letter of Conditions which outlines certain requirements that must be met before the loans and grant can be closed. Additional copies were provided for distribution to the District's engineer, bond counsel, accountant, and local attorney.

The four (4) conditions were discussed, responsibilities established, and agreements reached concerning the orderly processing of the funding request.

Immediate plans subsequent to the delivery of the Amended Letter of Conditions included the following:

1. The District agreed to meet all items in the Amended Letter of Conditions within twelve (12) months.
2. The District will furnish Rural Development with the forms outlined in Item No. 4 of the Amended Letter of Conditions, and a copy of the minutes outlining the proper adoption thereof.
3. The District's bond counsel, accountant, local attorney, and engineer will proceed immediately to satisfy the requirements and conditions relative to their respective professions. Please work with your project professionals to develop a realistic Project Schedule, a copy of which should be provided to our office.

If you have any questions, please feel free to contact our office.

Sincerely,

VIRGINIA M. McDONALD
Area Specialist

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

cc: Boyles and Hildreth, Consulting Engineers w/enclosure
ATTN: James B. Hildreth, P.E.
P.O. Box 614
Spencer, WV 25276

Smith, Cochran & Hicks, PLLC w/enclosure
ATTN: Todd Dingess, CPA
3510 MacCorkle Avenue, SE
Charleston, WV 25304

White Law Offices, PLLC w/enclosure
ATTN: S. Ryan White, Esquire
P.O. Box 18387
South Charleston, WV 25303

Drew Patton Law Office w/enclosure
ATTN: Drew Patton, Esquire
210 Court Street
Spencer, WV 25276

Mid-Ohio Valley Regional Council w/enclosure
ATTN: Tim Meeks, Grants Coordinator
P.O. Box 247
Parkersburg, WV 26102



Rural Development June 23, 2014

West Virginia State
Office

1550 Earl Core Road
Suite 100
Morgantown, WV
26505

Voice 304.284.4860
Fax 304.284.4892

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

RE: Amendment No. 1 to Letter of Conditions
Leaf Bank Run/ Upper Back Fork/
Leading Creek Water Extension Project

Dear Mr. Cunningham:

This letter, with Attachment No. 1 amends the letter of conditions dated April 7, 2014 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of \$415,000, a subsequent RD loan in the amount of \$68,000, an initial RD grant in the amount of \$1,000,000, and other funding in the amount of \$932,000, for a total project cost of \$2,415,000. The other funding is planned in the form of an Appalachian Regional Commission grant from the State of West Virginia.

Subject to the requirements noted herein, all of the conditions of the April 7, 2014 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 3.25% interest rate and monthly amortization factor of .00383 which

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provides for a monthly payment of \$261.00 on the subsequent loan. The monthly payment for the initial \$415,000 loan is \$1,590.00 and the monthly payment for the subsequent \$68,000 loan is \$261.00 for a total loan of \$483,000 and a total monthly payment of \$1,851.00.

2. The bond for the \$68,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the \$415,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a \$483,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.
3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form 1940-1 – “Request for Obligation of Funds”

RUS Bulletin 1780-27 – “Loan Resolution”

Form RD 1942-46 – “Letter of Intent to Meet Conditions”

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

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

Sincerely,



BOBBY LEWIS
State Director

Enclosures

cc: Page 3.

cc: Alan L. Harris, Area Director
ATTN: Virginia M. McDonald, Area Specialist
Ripley, WV

Boyles and Hildreth, Consulting Engineers
ATTN: James B. Hildreth, P.E.
P.O. Box 614
Spencer, WV 25276

Smith, Cochran & Hicks, PLLC
ATTN: Todd Dingess, CPA
3510 MacCorkle Avenue, SE
Charleston, WV 25304

White Law Offices, PLLC
ATTN: S. Ryan White, Esquire ✓
P.O. Box 18387
South Charleston, WV 25303

Drew Patton Law Office
ATTN: Drew Patton, Esquire
210 Court Street
Spencer, WV 25276

West Virginia Development Office
ATTN: James Bush, Manager, Local Capacity Development
Capitol Complex, Building 6, Room 553
1900 Kanawha Boulevard, East
Charleston, WV 25305-0311

Pleasant Hill Public Service District
Leaf Bank Run/Upper Back Fork/Leading Creek Water Extension
Project Construction Budget

<u>PROJECT COST</u>	<u>RD SUB LOAN</u>	<u>ARC GRANT</u>	<u>RD GRANT</u>	<u>RD LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 68,000	\$ 932,000	\$ 575,850	\$ 235,100	\$ 1,810,950
CONST. CONTINGENCY			\$ 126,800		\$ 126,800
LAND & RIGHTS			\$ 3,550	\$ 1,450	\$ 5,000
LEGAL FEES			\$ 2,800	\$ 11,200	\$ 14,000
BOND COUNSEL				\$ 7,500	\$ 7,500
ACCOUNTING				\$ 7,500	\$ 7,500
ENGINEERING FEES			\$ 191,610	\$ 124,440	\$ 316,050
Basic - \$155,550					
Insp. - \$142,000					
Special - \$18,500					
INTEREST				\$ 17,900	\$ 17,900
TECHNICAL SERVICES			\$ 30,000		\$ 30,000
EQUIPMENT			\$ 25,000		\$ 25,000
PROJECT CONTG.			\$ 44,390	\$ 9,910	\$ 54,300
TOTAL	\$ 68,000	\$ 932,000	\$ 1,000,000	\$ 415,000	\$ 2,415,000

Rates

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	\$ 13.38	per M gallons
Next	3,000	gallons @	\$ 13.04	per M gallons
Next	4,000	gallons @	\$ 10.61	per M gallons
Next	10,000	gallons @	\$ 9.46	per M gallons
Over	20,000	gallons @	\$ 6.61	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	\$ 24.80	per month
3/4"	meter	\$ 37.20	per month
1"	meter	\$ 62.00	per month
1 1/2"	meter	\$ 124.00	per month
2"	meter	\$ 198.40	per month
3"	meter	\$ 372.00	per month
4"	meter	\$ 620.00	per month
6"	meter	\$ 1,240.00	per month
8"	meter	\$ 1,984.00	per month

The above minimum charge is subject to an additional charge of \$0.98 per 1,000 gallons of water used.

Delayed Payment Penalty

The above schedule is net. On all current 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.

Connection Charge

Prior to Construction - \$100.00

A tap fee of \$150.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

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

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

**PLEASANT HILL PUBLIC SERVICE DISTRICT
OPERATING BUDGET**

OPERATING INCOME

Metered Sales	\$ 389,682	
Penalties	\$ 8,313	
TOTAL OPERATING INCOME		<u>\$ 397,995</u>

NON OPERATING INCOME

Interest income	\$ 147	
TOTAL NON OPERATING INCOME		<u>\$ 147</u>

TOTAL INCOME

\$ 398,142

EXPENSES

O & M	\$ 305,372	
Taxes	\$ 8,085	
TOTAL EXPENSES		<u>\$ 313,457</u>

INCOME AVAILABLE FOR D/S (A)

\$ 84,685

DEBT SERVICE

Existing Bond P & I (B)	\$ 42,888	
Proposed Bond P & I (B)	\$ 19,080	
Proposed Subsequent Bond P & I (B)	\$ 3,132	
TOTAL DEBT SERVICE		<u>\$ 65,100</u>

DEBT SERVICE RESERVE

Debt Service Reserve*	\$ 1,908	
Debt Service Reserve*	\$ 314	
TOTAL DEBT SERVICE RESERVE		<u>\$ 2,222</u>

SURPLUS (DEFICIT)

\$ 17,363

DEBT COVERAGE (A/B)

130.08%



Rural Development

May 13, 2014

Ripley Area Office

2118 Ripley Road
Ripley, WV 25271

Phone: 304-372-6231

ext. 4

Fax: 304-372-6856

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

RE: Leaf Bank Run/ Upper Back Fork/Leading Creek Water Extension Project

Dear Mr. Cunningham:

This letter is to confirm our meeting of May 6, 2014, for the purpose of delivering the Letter of Conditions for the loan and grant request in connection with the District's Leaf Bank Run/ Upper Back Fork/Leading Creek Water Extension Project.

The District was furnished with a copy of the Letter of Conditions which outlines certain requirements that must be met before the loan and grant can be closed. Additional copies were provided for distribution to the District's engineer, bond counsel, accountant, and local attorney.

The conditions were discussed, responsibilities established, and agreements reached concerning the orderly processing of the loan and grant request.

Immediate plans subsequent to the delivery of the Letter of Conditions included the following:

1. The District agreed to meet all items in the Letter of Conditions within twelve (12) months.
2. The District's bond counsel, accountant, local attorney, and engineer will proceed immediately to satisfy the requirements and conditions relative to their respective professions. Please work with your project professionals to develop a realistic Project Schedule, a copy of which should be provided to our office.

Enclosed is a copy of the "Items needed by Rural Development in order to request authorization to bid." We would appreciate receiving these items as they become available. If you have any questions, please feel free to contact our office.

Sincerely,

VIRGINIA M. McDONALD
Area Specialist

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

Enclosure

cc: Boyles and Hildreth, Consulting Engineers w/enclosure
ATTN: James B. Hildreth, P.E.
P.O. Box 614
Spencer, WV 25276

Smith, Cochran & Hicks, PLLC w/enclosure
ATTN: Todd Dingess, CPA
3510 MacCorkle Avenue, SE
Charleston, WV 25304

White Law Offices, PLLC w/enclosure
ATTN: S. Ryan White, Esquire ✓
P.O. Box 18387
South Charleston, WV 25303

Drew Patton Law Office w/enclosure
ATTN: Drew Patton, Esquire
210 Court Street
Spencer, WV 25276

Mid-Ohio Valley Regional Council w/enclosure
ATTN: Tim Meeks, Grants Coordinator
P.O. Box 247
Parkersburg, WV 26102

Pleasant Hill PSD
Leaf Bank Run/ Upper Back Fork/Leading Creek Water Extension Project
5/13/14

Items needed by Rural Development in order to request authorization to bid:

1. Audit for year ending 6/30/13
2. Agreement between Owner & Engineer for Professional Services (EJCDC No. E-500, 2014 Edition)
3. Minutes adopting Drug-Free Workplace Program
4. User Map with each user numbered
5. List of signed users with each numbered to map
6. List of declination statements with each numbered to map
7. Evidence of tap fees being paid (copy of tap fee bank account statement)
8. Certification regarding the number of existing water users
9. Form RD 442-30, Water Purchase Contract
10. Accountant's Certification that the accounts and records are established and operational per bond resolution.
11. Copy of PSC Rule 42 Exhibit and Application for Certificate of Convenience and Necessity
12. DOH permit
13. Public Land Corp Permit
14. Health Dept. permit
15. DEP permit
16. Contract documents, plans & specifications
17. Preliminary Bond Transcript Documents
18. Right-of-Way map
19. Deeds and/or Options
20. Form RD 1927-9, Preliminary Title Opinion(s)-for existing water properties and those to be acquired
21. Narrative Opinion from Attorney
22. RD Form 442-22, Opinion of Counsel Relative to Rights-of-Way
23. Evidence of Other Funds
24. Positive Program to Encourage Connections when completed
25. PSC Approval



February 18, 2016

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

RE: Leaf Bank Run/ Upper Back Fork/Leading Creek Water Extension Project

Dear Mr. Cunningham:

The bidding documentation for the referenced project has been reviewed and USDA Rural Development (RD) hereby concurs with the District in the award of the following contract(s):

Contract 1	Litman Excavating, Inc.	\$1,167,841.65
------------	-------------------------	----------------

The loan pre-closing will be held on March 9, 2016 and a preconstruction conference has been arranged for March 15, 2016 at 11:00 AM at the District's office. By copy of this letter to Boyles & Hildreth, Consulting Engineers, we are requesting they arrange for the contractor, the job superintendent, and themselves to be present at the conference. Additionally, a representative from the West Virginia Department of Highways District Office, along with the representatives from the utility companies that could be involved with the project, should also be invited by the engineer to attend the preconstruction conference.

On the day of the preconstruction conference, the engineer must have available five (5) sets of contract documents for the contract to be distributed as follows: USDA RD - two (2) small sets; Borrower - one (1) set; Contractor - one (1) set; and the Project Engineer - one (1) set. Additional copies may be provided as required by other interested parties.

The documents should include the following items:

1. A reproduced copy of the contractor's bid.
2. The contract agreement, completely filled in, signed by the contractor and dated March 11, 2016.
3. Performance and payment bonds in the amount of 100 percent of the contract amount and dated March 11, 2016. The payment bonds must be notarized so that they may be recorded at the local county courthouse.
4. Certificate of Insurance evidencing that payment into Workers' Compensation Fund is current.
5. Certificate of Insurance evidencing contractors' general public liability and property damage

Rural Development Ripley Area Office
2118 Ripley Road, Ripley, WV 25271
Voice (304) 372-6231 Ext. 4 • Fax 855-859-1828

coverage in the amounts listed in the specifications and containing the provisions preventing the cancellation without 15 days prior written notice to the owner. Coverage must be shown for blasting if it will be done on the project.

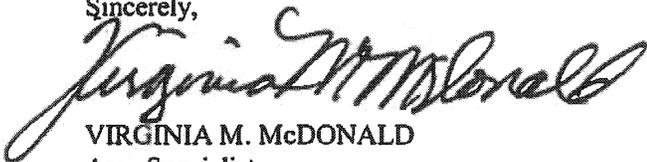
6. Certificate of Insurance evidencing contractual liability coverage so that the provisions of Paragraph 24 of the General Conditions will be met. The contractors may provide an owner's protective liability policy if they so choose.
7. Certificate of Insurance evidencing builder's risk insurance coverage on a 100 percent basis of the insurable portion of the project for the benefit of the owner and contractor as their interest may appear.
8. Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions."
9. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The engineer should assemble items 1-9 and send one (1) copy to this office and one (1) copy to USDA-Rural Development, ATTN: Harry Taylor, 1550 Earl Core Road, Suite 101, Morgantown, WV 26505 by March 2, 2016.

A copy of the final project budget is attached for your information.

If you have any questions, please contact our office at (304) 372-6231, extension 4 at your earliest convenience.

Sincerely,



VIRGINIA M. McDONALD
Area Specialist

Attachment

cc: State Director
USDA Rural Development
ATTN: Community Programs
Morgantown, WV

Boyles and Hildreth, Consulting Engineers
ATTN: James B. Hildreth, P.E.
P.O. Box 614
Spencer, WV 25276

Smith, Cochran & Hicks, PLLC
ATTN: Todd Dingess, CPA
3510 MacCorkle Avenue, SE
Charleston, WV 25304

White Law Offices, PLLC
ATTN: S. Ryan White, Esquire
P.O. Box 18387
South Charleston, WV 25303

Drew Patton Law Office
ATTN: Drew Patton, Esquire
210 Court Street
Spencer, WV 25276

Mid-Ohio Valley Regional Council
ATTN: Tim Meeks, Project Coordinator
P.O. Box 247
Parkersburg, WV 26102

Pleasant Hill Public Service District
Leaf Bank Run/Upper Back Fork/Leading Creek Water Extension
Post-Bid Project Construction Budget

<u>PROJECT COST</u>	<u>ARC GRANT</u>	<u>RD GRANT</u>	<u>RD LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 932,000.00	\$ 741.65	\$ 235,100.00	\$ 1,167,841.65 bid
CONST. CONTINGENCY	\$	\$ 338,920.00	\$	\$ 338,920.00 5% plus \$280,620 for identified change order items.
LAND & RIGHTS	\$	\$ 3,550.00	\$ 1,450.00	\$ 5,000.00 ok
LEGAL FEES	\$	\$ 2,800.00	\$ 11,200.00	\$ 14,000.00 approved
BOND COUNSEL	\$	\$	\$ 7,500.00	\$ 7,500.00 approved
ACCOUNTING	\$	\$	\$ 7,500.00	\$ 7,500.00 approved
ENGINEERING FEES	\$	\$ 191,610.00	\$ 124,440.00	\$ 316,050.00 approved
Basic - \$155,550				
Insp. - \$142,000				
Special - \$18,500				
INTEREST			\$ 13,800.00	\$ 13,800.00 ok
TECHNICAL SERVICES	\$	\$ 30,000.00	\$	\$ 30,000.00 approved
EQUIPMENT	\$	\$ 35,000.00	\$	\$ 35,000.00 1 ton Dump Truck from State Bid.
PROJECT CONTG.	\$	\$ 69,878.35	\$ 14,010.00	\$ 83,888.35 2.5% plus \$44,056 for engineering and legal amendments.
TOTAL	\$ 932,000.00	\$ 672,500.00	\$ 415,000.00	\$ 2,019,500.00



February 16, 2016

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

RE: Leaf Bank Run/ Upper Back Fork/Leading Creek Water Extension Project

Dear Mr. Cunningham:

The pre-closing for the District's Rural Development (RD) loan will be held on March 9, 2016 at 10:00 AM at the District's office in Five Forks, West Virginia. The pre-construction conference will be conducted at 11:00 AM at the District's office on March 15, 2016. WV. The official loan closing date for the Leaf Bank Run/ Upper Back Fork/Leading Creek Water Extension Project will be March 11, 2016.

Reference is made to our Letter of Conditions dated April 7, 2014 and amended June 23, 2014. All of the requirements of this letter must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The RD loan of \$415,000 will be closed utilizing an interest rate of 2.5%, resulting in a monthly payment of \$1,411. The District must establish a debt service reserve account at the West Virginia Municipal Bond Commission. This account must be funded on a monthly basis with an amount equal to 10% of the monthly payment until the equivalent of one annual installment on the loan is accumulated.

The following items should be submitted to our office as soon as possible but no later than March 2, 2016:

1. The District must provide a letter accepting the proposed inspector(s).
2. The District must provide evidence that it has acquired insurance and bond coverage in accordance with Item 14 of the Letter of Conditions. The District's existing position fidelity coverage must be increased by at least the amount of the estimated highest monthly construction drawdown. Once construction is complete, the position fidelity coverage may be decreased to not less than the amount of one annual installment on your Rural Development loans.
3. The District must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.
4. An advance copy of the first drawdown. Please make sure that requested payments do not exceed the amounts in the various professional agreements as approved by RD.
5. A copy of the specimen bond.

Rural Development Ripley Area Office
2118 Ripley Road, Ripley, WV 25271
Voice (304) 372-6231 Ext. 4 • Fax 855-859-1828

On the day of pre-closing, the following documents must be provided:

1. The District's attorney will need to provide Form RD 442-22 "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated March 11, 2016.
2. The District's attorney must furnish a Form RD 1927-10 "Final Title Opinion," on all property being acquired and for all existing property owned by the District in connection with the water system. A single final title opinion may be provided if it includes an attachment which adequately addresses each of the parcels identified in the preliminary title opinions. The opinion should be dated March 11, 2016.

There will be a conference call on Tuesday, March 1, 2016 at 2:00 PM to discuss the upcoming loan pre-closing and pre-construction conference. The call in number is (888) 844-9904 and the access code is 4255829.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,



VIRGINIA M. McDONALD
Area Specialist

Enclosure

cc: State Director
USDA Rural Development
Morgantown, WV

Boyles and Hildreth, Consulting Engineers
ATTN: James B. Hildreth, P.E.
P.O. Box 614
Spencer, WV 25276

Smith, Cochran & Hicks, PLLC
ATTN: Todd Dingess, CPA
3510 MacCorkle Avenue, SE
Charleston, WV 25304

White Law Offices, PLLC
ATTN: S. Ryan White, Esquire
P.O. Box 18387
South Charleston, WV 25303

Drew Patton Law Office
ATTN: Drew Patton, Esquire
210 Court Street
Spencer, WV 25276

Mid-Ohio Valley Regional Council
ATTN: Tim Meeks, Project Coordinator
P.O. Box 247
Parkersburg, WV 26102

**CLOSING GUIDELINES FOR
COMMUNITY FACILITY LOANS TO PUBLIC BODIES**

At or before the closing for the financing, the following conditions must be satisfied:

1. **General Requirements.** There must be full compliance with all requirements specified in (a) applicable Rural Development Instructions, (b) correspondence from OGC, (c) any applicable correspondence from the Administrator's office, (d) RD letter of conditions, (e) clearinghouse comments, and (f) any state office memorandum of approval.
2. **Loan Resolution.** Confirm that the Applicant has duly adopted the fully execute RUS Bulletin 1780-27, Loan Resolution (Public Bodies.)
3. **Grant Agreement.** In the event that a grant is also to be made to the Applicant, then the grant may be closed in accordance with RD Instructions provided that these Closing Instructions have also been complied with and duly authorized officials of the Applicant have fully executed RUS Bulletin 1780-12, Grant Agreement.
4. **Civil Rights.** Confirm that the following fully executed civil rights forms are in the docket:
 - a. Form RD 400-1, Equal Opportunity Agreement
 - b. Form RD 400-4, Assurance Agreement
 - c. Form RD 400-8, Compliance Review (Pre-loan closing)
5. **Environmental Impact.** Confirm that a completed and executed Form RD 2006-38, Environmental Justice and Civil Rights Impact Analysis is in the docket. If the Analysis indicates that an Environmental Impact Statement must be filed, this must be accomplished prior to loan closing.
6. **Clearinghouse Comments.** Confirm that A-95 approvals have been received from both state and regional clearinghouses. Note any comments received and confirm that the Applicant intends to comply with such comments. If the Applicant expresses a contrary intention, the State Office should be notified immediately in detail. The State Office should consult OGC with respect to the legal ramifications of any such noncompliance.
7. **Specimen Bond(s).** Prior to closing, confirm that the terms of the specimen bond(s) are consistent with RD Instructions, the RD Letter of Conditions and other obligating documents. Amortization schedules and maturity dates should be checked very carefully.
8. **Certification of Payment.** If RD loan proceeds will be used to retire interim indebtedness, the Applicant must provide RD with written statements in accordance with RD Instruction 1942-A, §1942.17(n)(2) [7 C.F.R. §1942.17].

9. Examination of Executed Bond(s). The Area Specialist should examine the executed original Bond(s) at the closing to determine the following:
- a. That the repayment and other terms of the Bond(s) are consistent with the RD Letter of Conditions and the obligating documents.
 - b. That the Bond(s) has been fully executed by the proper officials of the Applicant as recited on the face of the Bond(s)
 - c. That the persons executing the Bond(s) are officials of the Applicant as shown on the General Incumbency Certificate.
 - d. That the Applicant's seal is on the Bond(s).
 - e. That any authentication certificate contained on the Bond(s) has been properly executed.
 - f. That the Bond(s) is fully registered in the name of the United States of America/ Rural Development.
 - g. That the place of payment shown on the face of the Bond is correct and administratively acceptable.
 - h. That the Bond(s) is dated the date of closing.
10. Dates, Seals and Signatures. All certifications and opinions furnished by the Applicant, Local Counsel or Bond Counsel should be dated as of the date of Loan Closing. Wherever appropriate, the seal of the Applicant should be impressed on materials being furnished by the Applicant. Bond transcript items "b," "i," "k," and "m" listed below should be manually-executed originals. For the remaining Bond transcript documents, an original manual attestation by the Applicant's Clerk or Secretary will suffice.
11. Bond Transcript. A bond transcript should be compiled by Bond Counsel in accordance with the requirements contained in RD Instructions 1942-A, §1942.19(c) [7 C.F.R. §1942.19]. Confirm that the bond transcript contains each of the following items:
- a. Certified copies of all organizational documents, i.e., special acts, charter, by-laws.
 - b. General Incumbency Certificate (may sometimes be referred to as Signature Certificate)
 - c. Certified copies of minutes or excerpts therefrom of all meetings of the Applicant's governing body at which action was taken in connection with the authorization and issuance of the Bond(s).
 - d. Certified copies of documents evidencing that the Applicant has complied fully with all statutory requirements incident to the calling and holding of a favorable bond election unless Bond Counsel advises you this is not applicable.
 - e. Certified documents evidencing that the Applicant has complied fully with all statutory requirements incident to advertising the consideration and/or adoption of the bond ordinance unless Bond Counsel advises you that this is not applicable.
 - f. Certified copies of the resolutions or ordinances or other documents, such as the bond authorizing resolution or ordinance and any resolution establishing rates and regulating the use of the improvements, if such documents are not included in the minutes furnished.

- g. Copies of official Notice of Sale and Affidavit of Publication of Notice of Sale unless Bond Counsel advises you that this is not applicable.
- h. Specimen Bond (of each denomination), with any attached coupons.
- i. No Litigation Certificate of Local Counsel (See Item 12 below)
- j. Certified copies of resolutions or other documents pertaining to the award of the Bond(s).
- k. Non-Arbitrage Certificate.
- l. Any additional or supporting documents required by Bond Counsel.
- m. Preliminary approving opinion, if any, and final unqualified approving opinion of Bond Counsel, including opinion regarding interest on bonds being exempt from Federal and any State income taxes.

Any omissions from the Bond transcript should be supplied by the Rural Development Specialist with the assistance of the Applicant and Bond Counsel. Obviously, certain of the documents listed above will normally be delivered prior to the closing.

- 12. Attorney's No-Litigation Certificate. Local Counsel should deliver a manually-executed original attorney's no-litigation certificate dated the date of closing.
- 13. Evidence of Title. In all cases, confirm that Local Counsel has supplied RD with his or her title opinion regarding the sites for any project structures such as treatment plants and community buildings. The opinion should be on Form RD 1927-10 with any changes necessary to reflect the circumstances of this financing. In the case of utility-type financings, confirm that executed Form RD 442-21 and 442-22 concerning rights-of-way are also in the docket. Any title exceptions should either be removed prior to closing or be specifically cleared through OGC.
- 14. Additional Instructions. OGC will normally issue additional closing instructions on a case-by-case basis containing special requirements for specific loans. The District Director should review the Closing Instructions prepared by OGC relating to the specific case and close the loan in accordance with those instructions.



LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board
OF THE Pleasant Hill Public Service District
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Pleasant Hill Public Service District
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
Four Hundred Fifteen Thousand

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

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

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

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

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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

under the terms offered by the Government; that the Chairman

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

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

The vote was: Yeas 3 Nays 0 Absent _____

IN WITNESS WHEREOF, the Board of the

Pleasant Hill Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this _____, 8th day of MAY 2014

Pleasant Hill Public Service District

By T. Dale Cunningham
Title Chairman

(SEAL)

Attest:
Robert Beall
Robert Beall
Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Pleasant Hill Public Service District
hereby certify that the Board of such Association is composed of
3 members, of whom, 3 constituting a quorum, were present at a meeting thereof duly called and
held on the 8th day of May 2014; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of March 11, 2016,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this 11th day of March 2016



Robert Beall
Title Secretary

PLEASANT HILL PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF PLEASANT HILL PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF ONE OR MORE BONDS BY THE DISTRICT OF NOT MORE THAN \$415,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2016 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PLEASANT HILL PUBLIC SERVICE DISTRICT:

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

“Act” means Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

“Bond Registrar” means the Issuer, which shall so serve by the Secretary of the Issuer.

“Bonds” means, collectively, the Series 2016 A Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

“Chairperson” means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

“Closing Date” means the date upon which there is an exchange of the Series 2016 Bonds for all or a portion of the proceeds of the Series 2016 Bonds.

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

“Consulting Engineers” means Boyles and Hildreth Spencer, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

“Costs” or “Costs of the Project” means those costs described in Section 1.03E hereof to be a part of the cost of acquisition and construction of the Project.

“Depository Bank” means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

“FDIC” means the Federal Deposit Insurance Corporation and any successor to the functions thereof.

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

“Governing Body” or “Board” means the public service board of the Issuer, as is now or may hereafter be constituted.

“Government” means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2016 A Bonds.

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

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and

reasonable provision for uncollectible accounts; provided, that “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

“Independent Certified Public Accountants” means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means Pleasant Hill Public Service District, a public service district, public corporation and political subdivision of the State in Calhoun County, operating the System in Calhoun, West Virginia, and includes the Governing Body.

“Letter of Conditions” means, collectively, the Letter of Conditions from the Government dated April 7, 2014 as amended by Amendment No. 1 to Letter of Conditions dated June 23, 2014, and all amendments thereto.

“Net Revenues” means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that “Operating Expenses” does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

“Outstanding,” when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any

Bond deemed to have been paid as provided in Section 10.01 hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

“Parity Bonds” means the Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

“Prior Bonds” means, collectively, the Issuer’s (i) Water System Revenue Bonds, Series 1989, dated October 2, 1989, issued in the original principal amount of \$236,000; (ii) Water System Revenue Bond, Series 1994, dated March 9, 1994, issued in the original principal amount of \$130,000; (iii) Water Revenue Bond, Series 2004, dated April 8, 2004, issued in the original principal amount of \$130,000; and Water Revenue Bond (Knight Knob Storage Tank Project), Series 2012, dated June 28, 2012, issued in the original principal amount of \$350,000.

“Prior Resolutions” means, collectively, the resolutions of the Issuer adopted October 2, 1989, March 3, 1994, April 6, 2004 and June 14, 2012, authorizing the Prior Bonds.

“Project” means the acquisition and construction of certain extensions, additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

“PSC” means the Public Service Commission of West Virginia and any successor to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit

Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

(h) The West Virginia “consolidated fund” managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended; 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.

“Registered Owner” or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

“Reserve Accounts” means, collectively, the respective reserve accounts of the Series 2016 A Bonds and the Prior Bonds.

“Reserve Requirements” means, collectively, the respective reserve requirements of the Series 2016 A Bonds and the Prior Bonds.

“Resolution” means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

“Revenue Fund” means the Revenue Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

“Secretary” means the Secretary of the Governing Body of the Issuer.

“Series 1989 Bonds” means the Issuer’s Water System Revenue Bonds, Series 1989, dated October 2, 1989, issued in the original principal amount of \$236,000.

“Series 1994 Bonds” means the Issuer’s Water System Revenue Bond, Series 1994, dated March 9, 1994, issued in the original principal amount of \$130,000.

“Series 2004 Bonds” means the Issuer’s Water Revenue Bond, Series 2004, dated April 8, 2004, issued in the original principal amount of \$150,000.

“Series 2012 Bonds” means the Issuer’s Water Revenue Bond (Knight Knob Storage Tank Project), Series 2012, dated June 28, 2012, issued in the original principal amount of \$350,000.

“Series 2016 Bonds Construction Trust Fund” means the Series 2016 A Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2016 A Bonds” means the Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), of the Issuer, authorized to be issued hereby.

“Series 2016 A Bonds Reserve Account” means the Series 2016 A Bonds Reserve Account established by Section 5.02 hereof.

“Series 2016 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2016 A Bonds in the then current or any succeeding year.

“Series 2016 A Bonds Sinking Fund” means the Series 2016 A Bonds Sinking Fund established by Section 5.03A(2) hereof.

“Series 2016 Bonds” means the Series 2016 A Bonds.

“Sinking Funds” means, collectively, the respective sinking funds of the Series 2016 A Bonds and the Prior Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2016 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2016 A Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Series 2016 A Bonds and the Prior Bonds, including the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

“System” means the complete public service properties of the Issuer for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and

vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson or Acting Secretary.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

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

A. The Issuer is a public service district, public corporation and political subdivision of the State in Calhoun County of said State. The Issuer presently owns and operates a public water system in Calhoun County. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the Government and the Issuer.

B. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

C. The estimated maximum cost of acquisition and construction of the Project is \$2,415,000, of which \$415,000 will be obtained from the Series 2016 A Bonds, \$672,500 will be obtained from a grant from the Government and \$932,000 will be obtained from an Appalachian Regional Commission Grant.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 2016 A Bonds and to make payments into all funds and accounts provided for in this Resolution and the Prior Resolutions.

E. It is deemed necessary for the Issuer to issue the Series 2016 A Bonds in the aggregate principal amount of not more than \$415,000 to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties and any improvements and extensions thereto, the cost of all property rights,

easements and franchises deemed necessary or convenient therefor; interest on the Series 2016 A Bonds prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

F. The Series 2016 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2016 A Bonds, the Issuer will obtain (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2016 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

I. It is in the best interests of the Issuer that the Series 2016 A Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

J. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2016 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of the PSC Order, the time for rehearing and appeal of which has expired or will have been waived prior to the issuance of the Series 2016 A Bonds.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2016 A Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of

which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II
AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$2,415,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2016 A Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the Government.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2016 Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2016 A Bonds of the Issuer. The Series 2016 A Bonds shall be issued as a single bond, designated “Water Revenue Bonds, Series 2016 A (United States Department of Agriculture),” in the aggregate principal amount of not more than \$415,000 and shall have such terms as are set forth hereinafter or in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2016 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2016 A Bonds.

The Series 2016 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Bond form.

Section 3.03. Execution of Bonds. The Series 2016 Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Chairperson, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Transfer and Registration. The Series 2016 Bonds shall be and have all the qualities and incidents of negotiable instruments under

the Uniform Commercial Code of the State, but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2016 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2016 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2016 Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2016 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2016 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2016 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2016 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the

Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing the Issuer proof of ownership and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2016 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System, as herein provided. No Registered Owner of the Series 2016 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2016 Bonds or the interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2016 Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2016 A Bonds and the Prior Bonds and to make the payments into all funds and accounts provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bonds. The text of the Series 2016 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2016 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$_____

FOR VALUE RECEIVED, on this ___ day of _____, 2016, PLEASANT HILL PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Calhoun County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS (\$_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.5% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$1,411, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 20__, and a Supplemental Resolution duly adopted by the Issuer on _____, 20__ (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) WATER SYSTEM REVENUE BONDS, SERIES 1989, DATED OCTOBER 2, 1989, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$236,000; (2) WATER SYSTEM REVENUE BOND, SERIES 1994, DATED MARCH

9, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$130,000; (3) WATER REVENUE BOND, SERIES 2004, DATED APRIL 8, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$150,000; AND (4) WATER REVENUE BOND, SERIES 2012, DATED JUNE 28, 2012, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$350,000 (COLLECTIVELY, THE “PRIOR BONDS”).

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the “Series 2016 A Bonds Reserve Account”) and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2016 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2016 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the “Registrar”), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of

transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Resolution, this Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues

of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, PLEASANT HILL PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

Chairperson

[SEAL]

ATTEST:

Secretary

(Form of)

ASSIGNMENT

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

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

Dated: _____, ____.

In the presence of:

Section 3.09. Sale of Bonds. The Series 2016 Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and the provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV

[RESERVED]

ARTICLE V
SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions);
- (3) Series 2016 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special account is created with and shall be held by the Commission:

- (1) Series 2016 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross

Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities and as provided in the Prior Resolutions.

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

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2016 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2016 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2016 A Bonds.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates

required by the Prior Resolutions; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2016 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2016 A Bonds Sinking Fund, the amount of principal set forth in the Series 2016 A Bonds.

The deposits into the Series 2016 A Bonds Sinking Fund provided in this paragraph and in Section 5.03A (2) above, constitute actual payments of principal of and interest on the Series 2016 A Bonds to the Government.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2016 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement.

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

Moneys in the Series 2016 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2016 A Bonds as the same shall become due. Moneys in the Series 2016 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2016 A Bonds as the same shall come due, when other moneys in the Series 2016 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2016 A Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2016 Bonds Construction Trust Fund during construction of the Project and thereafter, to the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2016 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2016 A Bonds Reserve Account which result in a reduction in the balance therein to an amount below the Series 2016 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2016 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal, or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2016 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2016 A Bonds Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series 2016 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the Series 2016 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2016 A Bonds Sinking Fund and the Series 2016 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2016 A Bonds under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated

amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and the fees then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

D. The moneys in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

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

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

ARTICLE VI
APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All moneys received from time to time from the sale of the Series 2016 A Bonds shall be deposited in the Series 2016 Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2016 A Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2016 Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2016 A Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2016 Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2016 A Bonds.

Expenditures or disbursements from the Series 2016 Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2016 Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2016 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2016 Bonds or the interest thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Registered Owner of the Series 2016 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2016 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2016 A Bonds shall be secured by a first lien on the Net Revenues on a parity with each other and the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds, the Series 2016 A Bonds and to make the payments into all funds and accounts and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein and therein, to such payments as the same become due, and for the other purposes provided in this Resolution and the Prior Resolutions.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by state law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Resolution and the Prior Resolutions. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the PSC Order and such rates are hereby adopted.

So long as the Series 2016 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2016 Bonds shall prove to be insufficient to produce the required sums set forth in this Resolution, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. So long as the Series 2016 Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of, or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government and such consent will specify the disposition of any such sale or transfer.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as the Series 2016 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2016 Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Resolutions (so long as the Prior Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2016 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Resolutions have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the liens of the Series 2016 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Resolutions. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner provided herein and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds, the Series 2016 A Bonds.

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

So long as the Series 2016 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2016 A Bonds, representing 75% of the then-outstanding principal indebtedness.

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2016 Bonds and the Registered Owners of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such

Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2016 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government and its agents and representatives to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Government such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2016 Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body.

The Issuer shall file with the Government or any Registered Owner of the Series 2016 Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution and the status of all said funds and accounts.

(C) The amount of any Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2016 A Bonds and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Resolution and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Government and its agents and representatives to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Government and its agents and representatives with access to the System site and System facilities as may be reasonably necessary to

accomplish all of the powers and rights of the Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2016 Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have been obtained in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2016 A Bonds Reserve Account, and the Reserve Accounts for obligations on a parity with the Series 2016 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services of the System described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of

such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and to any Registered Owner of the Series 2016 Bonds within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2016 Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain the certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained. The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2016 Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals, or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the

laws of the State and the rules and regulations of the PSC, fees, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations of the PSC, discontinue and shut off the services of the System to all delinquent users of the services of the System, and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that, so long as the Series 2016 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(B) Public Liability Insurance, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from the operation of the System.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

(G) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and other state agencies necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2016 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2016 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2016 Bonds; provided however, that the statutory mortgage lien in favor of the Registered Owners of the Series 2016 Bonds shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.19. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, this Resolution and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2016 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the owner, including the value of accrued interest and giving effect to the amortization of discount or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2016 Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE IX
DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2016 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2016 A Bonds; or

(B) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2016 Bonds set forth in this Resolution, any Supplemental Resolution or the Series 2016 A Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, the Paying Agent or the Registered Owner; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If a default occurs under the Prior Resolutions or the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2016 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2016 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2016 A Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the resolution with respect to the Series 2016 Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Registered Owners of the Series 2016 A Bonds shall be on a parity each other and with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2016 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the

System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, with respect to the Bonds, the Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for any reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Registered Owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers herein above conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole

purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

ARTICLE X
PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2016 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2016 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment of the entire outstanding principal of and all accrued interest on the Series 2016 A Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2016 A Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Modification or Amendment of Resolution. Prior to the issuance of the Series 2016 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2016 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the rights of Registered Owners of the Series 2016 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2016 A Bonds then Outstanding; provided, that no change shall be made in the maturity of the Series 2016 A Bonds or the respective rate of interest thereon, or in the respective principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2016 A Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the Registered Owners of the Series 2016 Bonds and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Series 2016 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to

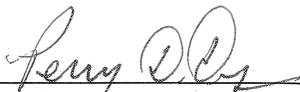
be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred, and are, duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 9th day of March, 2016.



Chairperson and Member



Member



Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PLEASANT HILL PUBLIC SERVICE DISTRICT on the 9th day of March, 2016.

Dated this 9th day of March, 2016.

[SEAL]



Secretary

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the construction of a waterline to extend service to approximately 35 new customers in the Leaf Bank Run, Back Fork and Leading Creek areas of Calhoun County, and all appurtenances thereto.

2.3

**PLEASANT HILL PUBLIC SERVICE DISTRICT
 WATER REVENUE BONDS, SERIES 2016 A
 (UNITED STATES DEPARTMENT OF AGRICULTURE)
 WATER REVENUE BONDS, SERIES 2016 B
 (UNITED STATES DEPARTMENT OF AGRICULTURE)**

BOND RESOLUTION

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RESERVED

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PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE PLEASANT HILL PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2016 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Pleasant Hill Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on March 9, 2016 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF PLEASANT HILL PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF TWO OR MORE BONDS BY THE DISTRICT OF NOT MORE THAN \$483,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2016 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), of the Issuer, in an aggregate principal amount not to exceed \$415,000 (the "Series 2016 A Bonds" or the "Bonds"), all in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the

exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PLEASANT HILL PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

a) The Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of \$415,000. The Series 2016 A Bonds shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Series 2016 A Bonds shall bear interest at the rate of 2.50% per annum. Monthly installments of interest only on the amounts advanced under the Series 2016 A Bonds are payable 30 days following the date of delivery of the Series 2016 A Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2016 A Bonds, and thereafter, monthly installments of principal of and interest on the Series 2016 A Bonds, in the aggregate amount of \$1411 are payable on the corresponding day of each month, except that the final installment on the Series 2016 A Bonds shall be paid at the end of 40 years from the date of the Series 2016 A Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2016 A Bonds are subject to prepayment as set forth in the Resolution and the Series 2016 A Bonds. All principal and interest payments on the Series 2016 A Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby approves and accepts the Letter of Conditions, Amendment No. 1 to the Letter of Conditions dated June 21, 2016 and all other amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates Calhoun Banks, Grantsville, West Virginia, to serve as the Depository Bank under the Resolution.

Section 5. The proceeds of the Bonds, as advanced from time to time, shall be deposited in the Series 2016 Bonds Construction Trust Fund for payment of the costs of the Project and the costs of issuance of the Bonds and related costs.

Section 6. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about March 11, 2016.

Section 7. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2016 A Bonds Reserve Account and the Series 2016 B Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 9. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 10. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 9th day of March, 2016.


Chairperson


Member

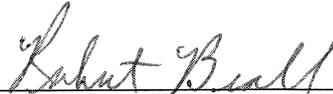

Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Pleasant Hill Public Service District on the 9th day of March, 2016.

Dated this 9th day of March, 2016.

[SEAL]



Secretary

PLEASANT HILL PUBLIC SERVICE DISTRICT

SPECIAL MEETING – MARCH 9, 2016

The Meeting was duly noticed by a notice of a Special Meeting to be held on March 9, 2016 at 10 AM which was posted on the door of the office of the PSD on March 7, 2016 at 9 AM. Chairman Cunningham called the meeting to order on March 9, 2016 at 10:04 AM. In attendance were Chairman Dale Cunningham, Perry Dye, Treasurer and Bob Beall, Secretary, all Board Members, JoAnn Dunn, Ryan White, Virginia McDonald, Tim Meeks, Allan Harris, Drew Patton and Jim Hildreth

Business Discussed:

Consideration of Bond Resolution:

Mr. White read by title the following Bond Resolution:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF PLEASANT HILL PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF ONE OR MORE BONDS BY THE DISTRICT OF NOT MORE THAN \$415,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2016 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

After further explanation from Mr. White, Chairman Cunningham moved that the Bond Resolution be adopted. Mr. Bell and Mr. Perry seconded the motion. All having voted in favor of the Bond Resolution, Chairman Cunningham declared the Bond Resolution as adopted.

Consideration of Supplemental Resolution:

Mr. White read the title by title the following Supplemental Resolution:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE PLEASANT HILL PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2016 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

After further explanation from Mr. White, Chairman Cunningham moved that the Supplemental Resolution be adopted. Mr. Bell and Mr. Perry seconded the motion. All having voted in favor of the Supplemental Resolution, Chairman Cunningham declared the Supplemental Resolution as adopted.

Approval of ARC and USDA grant agreements:

Ms. McDonald explained to the board members the ARC and USDA grant Agreements to be executed in relation to the Project.

Chairman Cunningham moved that said grant agreements be approved and executed. Mr. Bell and Mr. Perry seconded the motion. All having voted in favor, Chairman Cunningham declared that said grant agreements are approved and shall be executed by appropriate members of the Board.

Approval of First Draw Resolution:

Mr. Meeks explained to the board members the first draw resolution and the recipients of payees thereunder.

Chairman Cunningham moved that the First Draw Resolution be adopted. Mr. Bell and Mr. Perry seconded the motion. All having voted in favor of the First Draw Resolution, Chairman Cunningham declared the First Draw Resolution as adopted.

Approval of Addendum to Legal Services Agreement:

Mr. Patton explained to the board members the Addendum to Legal Services Agreement,

Chairman Cunningham moved that said Addendum be approved and executed. Mr. Bell and Mr. Perry seconded the motion. All having voted in favor, Chairman Cunningham declared that said Addendum be approved and shall be executed by appropriate members of the Board.

Having no further business before the board, Chairman Cunningham made a motion to adjourn the meeting which was seconded by Mr. Bell and Mr. Perry. Chairman Cunningham declared the Special Meeting Adjourned.

Approved:



Perry Dye, Treasurer



Dale Cunningham, Chairman

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$415,000

FOR VALUE RECEIVED, on this 11th day of March, 2016, PLEASANT HILL PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Calhoun County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of FOUR HUNDRED AND FIFTEEN THOUSAND DOLLARS (\$415,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.5% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$1,411, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on March 9, 2016, and a Supplemental Resolution duly adopted by the Issuer on March 9, 2016 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) WATER SYSTEM REVENUE BONDS, SERIES 1989, DATED OCTOBER 2, 1989, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$236,000; (2) WATER SYSTEM REVENUE BOND, SERIES 1994, DATED MARCH 9, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$130,000; (3) WATER REVENUE BOND, SERIES 2004, DATED APRIL 8, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$150,000; AND (4) WATER REVENUE

BOND, SERIES 2012, DATED JUNE 28, 2012, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$350,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2016 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2016 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2016 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Resolution, this Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

SPECIMEN

All provisions of the Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, PLEASANT HILL PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

J. Dale Cuzi

Chairperson

[SEAL]

ATTEST:

Robert Beall

Secretary

(Form of)

ASSIGNMENT

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

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

Dated: _____, ____.

In the presence of:

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$415,000	March 11, 2016

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Pleasant Hill Public Service District



Secretary

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>
_____, 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.

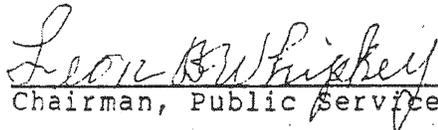
Section 7.04. Conflicting Provisions Repealed. All Resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and the Prior Resolution.

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

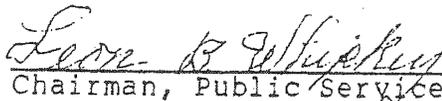
SUPPLEMENTAL RESOLUTION

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 ADJUST 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 6th day of April, 2004.

A handwritten signature in cursive script, appearing to read "Dennis Dickson", written over a horizontal line.

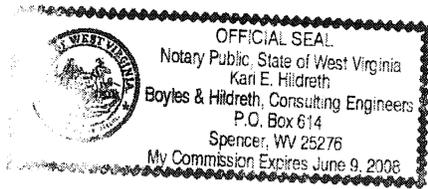
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF CALHOUN, to-wit:

The foregoing instrument was acknowledged before me this 6th 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

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 ADJUST 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 14th day of June, 2012.

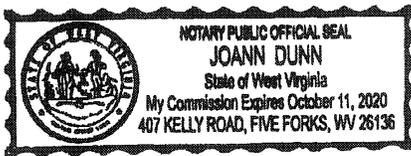
Terry Dye
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF CALHOUN, to-wit:

The foregoing instrument was acknowledged before me this 14th 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



Rural Development

West Virginia State
Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
Fax 855.859.1835

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) (the "Series 2016 A Bonds"), in the original aggregate amount not to exceed \$415,000 by Pleasant Hill Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2016 A Bonds (collectively, the "Resolution"), on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water System Revenue Bonds, Series 1989, Water System Revenue Bond, Series 1994, Water Revenue Bond, Series 2004 and Water Revenue Bond, Series 2012 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2016 A Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 11th day of March, 2016.

UNITED STATES OF AMERICA,
UNITED STATES
DEPARTMENT OF AGRICULTURE,
RURAL DEVELOPMENT

Assistant State Director

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

GENERAL CERTIFICATE ON:

1. TERMS AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. SPECIMEN BOND
13. BOND PROCEEDS
14. USERS
15. CONFLICTS OF INTEREST
16. GRANTS
17. WETLANDS COVENANT
18. PROCUREMENT OF ENGINEERING SERVICES
19. COUNTERPARTS

On this 11th day of March, 2016, we, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of Pleasant Hill Public Service District (the “Issuer”) and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Pleasant Hill Public Service District Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) (the “Series 2016 A Bonds” or the “Bonds”), dated the date hereof, as follows:

1. TERMS AND AWARD OF BONDS: The entire issue of the Bonds has been duly awarded to the United States of America, United States Department of Agriculture, Rural Utilities Service (the “Government”), pursuant to a Letter of Conditions dated April 7, 2014, and any amendments thereto (collectively, the “Letter of Conditions”), a Bond Resolution duly adopted by the Issuer on March 9, 2016, and a Supplemental Resolution duly adopted by the Issuer on March 9, 2016 (collectively, the “Resolution”). All capitalized words and terms used in this Certificate and not otherwise defined herein shall have the same meaning as set forth in the Resolution.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect. The successful bidders have provided the Drug-Free Workplace affidavits as evidence of compliance with the provisions of Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the acceptance and approval of the Letter of Conditions by the Issuer. The Issuer has met all conditions set forth in the Letter of Conditions and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Bonds shall be issued on a parity with each other and with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Chairperson and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairperson did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Chairperson did deliver the Bonds to a representative of the Government as the original purchaser of the Bonds.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Order of the Public Service Commission of West Virginia (the "PSC") entered on December 17, 2015, in Case No. 15-1334-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC order entered December 17, 2015, has expired prior to the date hereof without any appeal having been filed. The Order remains in full force and effect.

The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be acquired or constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended.

7. RATES: The rates for the System, as approved by the PSC order entered December 17, 2015, in Case No. 15-1334-PWD-CN, are currently in effect. Such rates will become effective with respect to the new customers when the Project is placed in service. The time for appeal for such order has expired prior to the date hereof and such order remains in full force and effect.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Pleasant Hill Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Calhoun County and existing under the laws of, and a political subdivision of, the State of West Virginia in Calhoun County of said State. The Issuer operates the System in Calhoun County of said State. The governing body of the Issuer is its Public Service Board, consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of their current terms are as follows:

<u>Name</u>	<u>Date of Termination of Office</u>
Dale Cunningham	July 31, 2017
Robert Beall	June 30, 2017
Perry Dye	June 30, 2019

The duly elected or appointed officers of the Board for 2016 are as follows:

Dale Cunningham	-	Chairperson
Robert Beall	-	Secretary
Perry Dye	-	Treasurer

The duly appointed and acting attorney for the Issuer is Drew Patton, Esquire, of Spencer, West Virginia.

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

10. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability insurance, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the

Resolution and the Letter of Conditions. All insurance for the System required by the Resolution and the Letter of Conditions is in full force and effect.

12. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, is identical in all respects with the Bond this day delivered to the Government and being substantially in the form prescribed in the Resolution.

13. BOND PROCEEDS: On the date hereof, the Issuer received the sum of \$188,943.98 from the Government, being a portion of the principal amount of the Series 2016 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

14. USERS: The Issuer will serve at least 696 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

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

16. GRANTS: As of the date hereof, the grant from the United States Government in the amount of \$672,500, and the Appalachian Regional Commission grant in the amount of \$932,000 are committed for the Project and in full force and effect.

18. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

19. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

20. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Pleasant Hill Public Service District as of the date first written above.

[SEAL]

Signature

Official Title

F. Dale Coughlin

Chairperson

Robert Brall

Secretary

Drew J. [unclear]

Attorney

EXHIBIT A

See Specimen Bond (Tab No. 12).

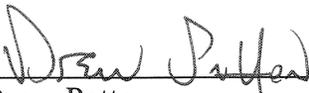
PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF NO LITIGATION

On this 11th day of March, 2016, the undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds ("the Bonds"), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of Pleasant Hill Public Service District (the "Issuer") taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Resolution, authorizing the Bonds, duly adopted by the Issuer on March 11, 2016.

WITNESS my signature as of the date first written above.



Drew Patton
Counsel to Pleasant Hill Public Service District

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 11th day of March, 2016, the undersigned duly appointed Secretary of Pleasant Hill Public Service District (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Pleasant Hill Public Service District Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Public Service Board (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commission of Calhoun County Creating and Enlarging the Issuer.
2. Orders of The County Commission of Calhoun County Appointing the Members of the Board.
3. Oaths of Office of the Board Members.
4. Rules of Procedure.
5. Minutes of Current Year Organizational Meeting.
6. Public Service Commission Order.
7. USDA Letter of Conditions, Closing Letter and Loan Resolution
8. Bond Resolution.
9. Supplemental Resolution.
10. Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

11. 1989 Bond Resolution
12. 1994 Bond Resolution
13. 2004 Bond Resolution
14. 2012 Bond Resolution
15. USDA Consent to Issuance of Bonds.
16. Environmental Health Services Permit.
17. Evidence of Insurance.
18. USDA Grant Agreement and ARC Grant Letter.
19. Water Purchase Contract with Town of Grantsville

WITNESS my signature and the official seal of the Issuer as of the date first written above.

PLEASANT HILL PUBLIC SERVICE DISTRICT

[SEAL]


Robert Bull
Secretary

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF CONSULTING ENGINEER

On this 11th day of March, 2016, I, James B. Hildreth, Registered Professional Engineer, West Virginia License No. 7719, of Boyles and Hildreth, Spencer, West Virginia, hereby certify as follows:

1. Boyles and Hildreth, is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public water facilities (the "System") of Pleasant Hill Public Service District (the "Issuer"), to be constructed primarily in Calhoun County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on March 9, 2016, and the Letter of Conditions dated April 7, 2014, and all amendments thereto (collectively, the "Letter of Conditions"), from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government").

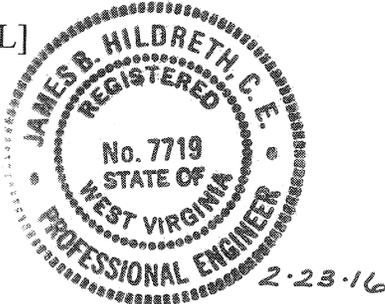
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by Boyles and Hildreth and approved by the West Virginia Bureau for Public Health (the "BPH"), and any change orders approved by the Issuer, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and when constructed, in our professional opinion, has an anticipated useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Letter of Conditions and all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders have provided

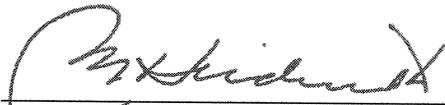
the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (v) the successful bidders acknowledged receipt of all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the West Virginia Bureau for Public Health and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained the following permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; and (x) in reliance upon the certificate of Smith Cochran & Hicks, PLLC, dated the date hereof, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Resolution; and (xi) the net proceeds of the Bonds, together with all moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council.

WITNESS our signatures and seals as of the date first written above.

[SEAL]



Boyles and Hildreth



James B. Hildreth, P.E.
West Virginia License No. 7719



smithcochranhicks PLLC
CERTIFIED PUBLIC ACCOUNTANTS

March 11, 2016

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Pleasant Hill Public Service District
Five Forks, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

White Law Offices PLLC
South Charleston, West Virginia

Ladies and Gentlemen:

I have reviewed the water rates of Pleasant Hill Public Service District (the "Issuer") and the projected operating expenses and anticipated customer usage provided by Boyles and Hildreth, the consulting engineer of the Issuer. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's Water System Revenue Bonds, Series 1989, Water System Revenue Bond, Series 1994, Water Revenue Bond, Series 2004 and Water Revenue Bond, Series 2012 (collectively, the Prior Bonds"); and Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) (the "Series 2016 A Bonds") to be issued in the principal amount of not to exceed \$415,000 at an interest rate of 3.25% and a term of 40 years dated March 11, 2016.

It is further my opinion that (i) the Net Revenues for the fiscal year following the year in which the Series 2016 A Bonds are to be issued will be at least 120% of the average annual debt service requirements on the Prior Bonds, the Series 2016 A Bonds.

The Issuer is current on all payments to the funds and accounts established under the Bond Resolutions, including RUS reserve accounts.

Very truly yours,


Smith Cochran & Hicks, PLLC

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BONDS

On this 11th day of March, 2016, the undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the date hereof, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) (the "Series 2016 A Bonds"), of Pleasant Hill Public Service District (the "Issuer"), dated March 11, 2016, issued in the form of one bond in the principal amount of \$415,000, and numbered AR-1. The Series 2016 A Bonds bear interest at the rate of 2.5% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of the Series 2016 A Bonds and continuing on the corresponding day of each month for the first 24 months after the date of the Series 2014 A Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on the Series 2016 A Bonds in the aggregate amount of \$1,411, except that the final installment on the Series 2016 A Bonds shall be paid at the end of 40 years from the date of the Series 2016 A Bonds in the sum of the unpaid principal and interest due on the date thereof.

2. At the time of such receipt of the Series 2016 A Bonds they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 11th day of March, 2016.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
RURAL UTILITIES SERVICE



Authorized Representative

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BOND PROCEEDS

The undersigned Chairperson of Pleasant Hill Public Service District (the “Issuer”), for and on behalf of the Issuer, hereby certifies as follows:

On this 11th day of March, 2016, the undersigned Chairperson of Pleasant Hill Public Service District (the “Issuer”), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from the United States of America, United States Department of Agriculture, Rural Utilities Service (the “Government”), the sum of \$188,943.98, being the first advance on the Issuer’s Water Revenue Bonds, Series 2016 A (United States Department of Agriculture) (the “Series 2016 A Bonds” or the “Bonds”). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the Government from time to time as construction progresses.

WITNESS my signature on this 11th day of March, 2016.

PLEASANT HILL PUBLIC SERVICE DISTRICT



Chairperson

PLEASANT HILL PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2016 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Calhoun Banks, Grantsville, West Virginia, hereby accepts appointment as Depository Bank for the Series 2014 A Bonds Construction Trust Fund and the Renewal and Replacement Fund (collectively, the "Funds") in connection with a Bond Resolution and a Supplemental Resolution adopted by Pleasant Hill Public Service District (the "Issuer") on March 9, 2016 (collectively, the "Resolution"), authorizing the issuance of the Issuer's Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), in the aggregate principal amount of \$415,000, dated March 11, 2016, and agrees to serve as Depository Bank for the Funds, all as set forth in the Resolution.

WITNESS my signature on this 11th day of March, 2016.

Calhoun Banks


Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

3.9

Suite 1117

900 Pennsylvania Avenue, Charleston, WV 25301

(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 11, 2016

ISSUE: Pleasant Hill Public Service District Water Revenue Bonds, Series 2016 A (United States Department of Agriculture)

ADDRESS: 122 Nobe Road Five Forks, WV 26136 COUNTY: Calhoun

PURPOSE OF ISSUE: New Money X Refunding Refunds issue(s) dated:

ISSUE DATE: March 11, 2016 CLOSING DATE: March 11, 2016

ISSUE AMOUNT: \$415,000 RATE: 2.5%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: White Law Offices, PLLC UNDERWRITERS COUNSEL:

Contact Person: S. Ryan White, Esquire Contact Person:

Phone: (304) 720-1400 Phone:

CLOSING BANK: Calhoun Banks ESCROW TRUSTEE:

Contact Person: Bruce Fitzwater Contact Person:

Phone: (304) 354-2031 Phone:

KNOWLEDGEABLE ISSUER CONTACT: OTHER: USDA, Rural Utilities Service

Contact Person: Dale Cunningham Contact Person: Virginia McDonald

Position: Chairman Function: Rural Development Specialist

Phone: (304) 354-7752 Phone: (304) 372-6231, ext. 4

E-Mail: phpsd@live.com

DEPOSITS TO MBC AT CLOSE: Accrued Interest: \$

Capitalized Interest: \$

By Wire Reserve Account: \$

Check Other: \$

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire To Escrow Trustee: \$

Check To Issuer: \$

IGT To Cons. Invest. Fund \$

To Other: \$

NOTES: The Bond Commission will only hold the Series 2014 A Bonds Reserve Account to be funded over 10 years. Debt service payments will be made directly by the District to the National Finance Office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required:

Transfers Required:

State of West Virginia OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313

CHARLESTON, WV 25301-3713

Telephone: (304) 558-2981

PERMIT

(Water)

PROJECT: Water System Improvements

PERMIT NO.: 19-516

LOCATION: Freed and Big Springs

COUNTY: Calhoun

DATE: 12-30-2014

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

**Pleasant Hill Public Service District
122 Nobe Road
Five Forks, West Virginia 26136**

is hereby granted approval to install approximately 8,000 LF of 8", 35,000 LF of 6" and 6,000 LF of 2" water line, one (1) 2" / 6" PRV Station, and all necessary valves, controls and appurtenances.

Facilities are to serve the Pleasant Hill Public Service District.

Note: This permit is contingent upon all new water line being disinfected, flushed and bacteriologically tested, prior to use.

The Environmental Engineering Division of the OEHS St. Albans District Office, (304) 722-0611, is to be notified when construction begins.

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

FOR THE DIRECTOR:



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

WSH:kis

pc: **Boyles and Hildreth, Consulting Engineers
Jim Weimer, PE, PSC, Eng. Div.
Calhoun County Health Department
OEHS-EED St. Albans District Office**



EW-100

06/2010

Office Use Only

Date Received 12-9-14
 Date Approved 12-30-14
 Approved by W/S
 Permit Number 19516

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bureau for Public Health
 Office of Environmental Health Services
 350 Capitol Street, Room 313
 Charleston, WV 25301-3713
 Phone: 304-558-2981 Fax: 304-558-0691

**PUBLIC WATER SUPPLY SYSTEM APPLICATION
 FOR A PERMIT TO CONSTRUCT, ALTER, OR RENOVATE**
 (Please Prepare in 4 Copies)

APPLICANT: Pleasant Hill Public Service District

STREET OR PO BOX: 122 Nobe Road

CITY: Five Forks STATE: WV ZIP: 26136

TELEPHONE: 304-354-7752 E-MAIL: _____

ENGINEERING FIRM: Boyles & Hildreth, Consulting Engineers

STREET OR PO BOX 108 Court Street TELEPHONE: 304-927-4574

CITY: Spencer STATE: WV ZIP: 25276

TELEPHONE: Fax: 304-927-2802 E-MAIL: boyleshildreth@citynet.net

IN ACCORDANCE WITH TITLE 64, SERIES 3, PUBLIC WATER SUPPLY REGULATIONS OF THE WEST VIRGINIA DIVISION OF HEALTH, WE HEREBY MAKE APPLICATION TO CONSTRUCT, ALTER, OR RENOVATE AS FOLLOWS:

It is proposed to construct approximately 8,000 l.f. of 8" waterline, 35,000 l.f. of 6" waterline, 6,000 l.f. of 2" waterline, 19 hydrants, pressure reducing station and necessary appurtenances.



Signature of Applicant or Authorized Agent

December 4, 2014

Date

NOTE: A \$300 application fee must accompany a permit application (\$150 application fee for a water well permit application). Make check or money order payable to "West Virginia Department of Health and Human Resources". Cash not accepted. Permit applications which include both water and sewer systems require only a single \$300 fee.

EG-5
08/2012

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bureau for Public Health
Office of Environmental Health Services
Environmental Engineering Division
350 Capitol Street, Room 313
Charleston, WV 25301-3713
Phone: 304-558-2981 Fax: 304-558-0691

WATER SYSTEM DESIGN INFORMATION AND DATA SHEET

Complete all portions of the Design Data Sheet applicable to the project. Omission of required information will result in the application being denied. When both sewer system and water system are to be constructed, Design Data Sheets for both sewage and water must be completed and attached to the application.

Applicant Pleasant Hill Public Service District

Project Location Grantsville, Five Forks and Big Springs

County Calhoun, WV

Number of customers 62 or Estimated population or population equivalent served 155.00

Number of home sites 0 Number of manufactured home sites 0

Estimated peak flow 78 gpm

Minimum consumer pressure (static/residual) 30 / 20 psi

Source of Supply: Town of Grantsville
(name of utility)

Municipal Public Service District Private Well

Other _____
(specify)

Pressure at connection to public supply (static/residual) 115 / 100 psi

Capacity of well, if applicable _____ gpm

Type of system Gravity Hydropneumatic

Other _____
(specify)

Length of water lines of each size 8,000 l.f. 8", 35,000 l.f. 6", & 6,000 2" pipe

YES	NO	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Details of well construction attached
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Fire hydrants to be installed (hydraulic calculations <u>must</u> be included)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Storage tank required Size of tank <u>N/A</u> gallons
<input type="checkbox"/>	<input type="checkbox"/>	Elevation of top and bottom of storage tank _____
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Booster station required Size of station _____ gpm
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Pressure reducing station required
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Details of water treatment equipment (if applicable)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Chlorination Contact time _____ minutes

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

COPY

THIS AGREEMENT dated 3/11/14, between

Pleasant Hill Public Service District

a public corporation organized and operating under

Chapter 16 Article 13A, West Virginia Code

(Authorizing Statute)

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

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of \$ 2,019,500 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,347,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,347,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 672,500 or 45 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

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

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 45 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

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

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 3, 2015, and as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

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

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

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

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

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

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

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

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

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

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

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

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

[Revision 1, 04/17/1998]

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

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

The entire water distribution system owned by the Pleasant Hill Public Service District consisting of waterlines, storage tanks, booster stations, and all related facilities located 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 property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

None

M. Provide Financial Management Systems which will include:

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

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

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

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

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

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

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

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

[Revision 1, 11/20/1997]

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

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

[Revision 1, 11/20/1997]

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

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

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 672,500 which it will advance to Grantee to meet not to exceed 45 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

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

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

Termination of This Agreement

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

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

Chairman

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By T. Dale Cunningham
T. Dale Cunningham

(Title) **Chairman**

By Robert Beall
Robert Beall

(Title) **Secretary**

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Virginia McDonald Area Specialist
3/11/16 (Title)

NOV 03 2014



COPY

State of West Virginia
Earl Ray Tomblin
Governor

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

Telephone: (304) 558-2000
Toll Free: (888) 438-2731
Fax: (304) 342-7025
www.governor.wv.gov

September 8, 2014

Mr. Dale Cunningham
Chairman
Pleasant Hill Public Service District
122 Noble Road
Five Forks, West Virginia 26136

Dear Mr. Cunningham:

I am pleased to inform you that I have approved the Pleasant Hill Public Service District project application in the amount of \$932,000 for Appalachian Regional Commission (ARC) assistance, and I am forwarding the project for the Commission's review.

The project will replace existing water line and extend public water service to the communities of Leaf Bank, Upper Back Fork, and Leading Creek in Calhoun County, designated by ARC as a distressed county. Currently, customers in the project area are served by private wells that are unreliable or provide a substandard quality of water. The project will serve 37 new customers and 150 existing customers.

You must not proceed with this project until you have been officially notified that it has been approved by the Commission.

I am pleased to work with you to make this improvement a reality for the citizens of West Virginia.

Sincerely,

A handwritten signature in black ink that reads "Earl Ray Tomblin".

Earl Ray Tomblin
Governor

ERT:jeb

This Agreement dated May 20, 2014 is intended to memorialize an oral agreement between the Town of Grantsville, a municipal corporation, "Town," with a mailing address of P.O. Box 146, Grantsville, WV 26147, as a first party, and Pleasant Hill Public Service District, "PSD," with a mailing address if 122 Nobe Rd., Big Bend, WV 26136, as a second party, which provides for the sale and purchase of water.

Whereas, the parties have considered the following facts:

- A. The Town owns and operates a water distribution system with a capacity that is capable of serving the current retail customers of the Town system as well as the PSD and also the Mt. Zion Public Service District, with which the Town has a separate agreement.
- B. The PSD was organized and established in 1971 for the purpose of constructing and operating a water distribution system serving users within its area, described in plans now on file with the PSD and the West Virginia Public Service Commission.
- C. In order to accomplish its purpose, the PSD requires a supply of treated water, which it has purchased from the town since it commenced operations.
- D. Pursuant to a written Water Purchase Contract dated March 1, 1971, "the prior Agreement," the parties agreed to the sale by the Town, and the purchase by the PSD, of treated water for re-sale by the PSD to its agreement.
- E. The prior Agreement had a term of 40 years from the date of initial delivery of water by the Town to the PSD, which could be renewed or extended for such term or terms as the parties might agree to. When the 40-year term expired in 2011, the

Town continued to sell water to the PSD, although the parties did not execute an updated agreement.

- F. The parties acknowledged that their Agreement should be updated, and they are executing this written Agreement to memorialize the terms of their current agreement.

THEREFORE, the parties as follows:

1. Quality and quantity of water to be sold. The Town shall provide the PSD, at the points of delivery described in paragraph 2 below, with treated potable water that conforms with purity standards pursuant to the laws and regulations of the State of West Virginia, not exceeding 4.2 million gallons per month.
2. Points of delivery and pressure. The Town shall provide the PSD with water at reasonable constant normal pressure from an existing main supply, at three points, including (a) the base of the Town's storage tank located at the Hamilton tank site on Town Hill in Grantsville, (b) a connection point located on the Town's 6-inch line near the former Calhoun County High School building adjacent to West Virginia Secondary Rt. 7, and (c) a connection point located on the Town's 8-inch line near the intersection of West Virginia Secondary Rt. 5 and Leafbank Road. If the PSD requires pressure that is greater than what is ordinarily available at these points of delivery, the PSD shall have sole liability for the cost of providing such increased pressure. The Town shall be excused from its obligation to provide water at a reasonably constant normal pressure when it is unable to do so due to emergency failures of pressure or supply resulting from supply line

break, power failure, flood, fire, use of water to fight fire, earthquake, or other circumstances beyond the Town's control.

3. **Reading of meters.** By the 15th day of each month, the Town shall read the master meters located at the points of delivery described in paragraph 2 above, to determine the amount of water provided to the PSD in the prior month. Upon written notice to the PSD, the Town may change the date on which it reads the meters.
4. **Billing procedures.** By the 1st day of each month, the Town shall provide the treasurer of the PSD, by mail to the PSD's mailing address noted above, with a bill that includes an itemized statement of the amount of water it provided to the PSD in the preceding month. Upon written notice to the PSD, the Town may change the date on which it provides this information and a monthly bill to the PSD.
5. **Metering equipment.** The PSD shall install and maintain, at its own expense, at the points of delivery described in paragraph 2 above, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the PSD. The installation, maintenance, testing and accuracy of the metering equipment shall comply with the laws and regulations of the State of West Virginia, including the Rules for the Government of Water Utilities prescribed by the West Virginia Public Service Commission, "PSC."

6. **Rates and payment date.** The PSD shall pay the Town, within 20 days after receipt of an itemized bill, for water it purchased during the preceding month, at the rate in effect, as approved by the PSC, at the time of sale of water.
7. **Term of Agreement.** This Agreement shall continue indefinitely, until it is amended or terminated by a subsequent written Agreement between the parties or Order of a court of appropriate jurisdiction.
8. **Water for testing.** The PSD shall notify the Town at least 10 days before it uses any extraordinary quantity of water for testing.
9. **Testing the PSD meters.** Upon request by the PSD, the Town shall have the right to test the individual meters serving the PSD's customers on Lines 8 and 9, which is the 8-inch line which originates on the South Side of Grantsville and leads to the Rubber Fabricators plant site. The PSD shall give the Town reasonable prior notice before it conducts periodic tests of its master meters, and Town personnel shall have a right to attend and observe such testing. Testing to follow PSC's Regulations on size and time line.
10. **Duty to deliver water and provision for water shortage.** At all times, the Town shall have the duty to operate and maintain its water system in efficient manner, and shall take such action as may be necessary to provide the PSD with the quantity of water it requires, as described in paragraph 1 above. The PSD acknowledges, however, that the Town cannot guarantee water pressure at all times. The Town shall remedy any temporary or partial failure to deliver water with all possible dispatch. In the event of an extended water shortage, or if the supply of water available to the Town is otherwise diminished for an extended

period of time, the supply of water that the Town provides to the PSD shall be reduced or diminished in the same ratio or proportion as the water supply to the Town's retail customers is reduced or diminished.

11. **Loss of water.** The PSD shall not allow loss of water in its lines in excess of 20 gallons per minute. In the event that line loss exceeds that amount, the PSD shall immediately investigate to determine the cause thereof and promptly correct the problem. If the PSD does not correct such line loss within 10 days after the line loss becomes apparent, the Town may make the necessary pay the Town for such costs.
12. **Modification of Agreement.** Provisions of this Agreement may be modified or altered by mutual agreement of the parties.
13. **Plans of the PSD.** The PSD shall provide the Town with one copy of its water system plans, showing the location of all lines, facilities and components of its water distribution system. The PSD shall not construct any extensions in excess of 500 feet in length on its main lines as shown on its plan, nor agree to serve any new industrial customer, without prior written approval of the superintendent of the Town's water department. This provision does not apply to the construction of new lateral lines to serve subdivisions within the PSD territory, however.
14. **Regulatory agencies.** This Agreement is subject in its entirety to the Rules for the Government of Water Utilities prescribed by the PSC. This Agreement is further made subject to specific approval of the PSC and/or any governmental agencies and lending institutions which provide funding to either party, and the parties shall cooperate to apply for and obtain such approval.

15. Agreement binding. The Agreement is binding on the parties and their successors.

16. Legal counsel. This Agreement was prepared by Loren B. Howley, attorney for the Town, P.O. Box, Grantsville, WV 26147. The PSD has had the opportunity to consult independent counsel regarding the terms of this Agreement and its legal effect. Both parties are satisfied that they understand the terms and legal effect of this Agreement, and that it is in their best interests.

WITNESS the following signatures.



Town of Grantsville, by Curt Garretson, its
Mayor



Pleasant Hill Public Service District, by
Dale Cunningham, Chairman of its Board of
Directors

[LETTERHEAD OF WHITE LAW OFFICES, PLLC]

CLOSING MEMORANDUM

To: Dale Cunningham
Virginia McDonald
Tim Meeks

From: Ryan White

Date: March 11, 2016

Re: Pleasant Hill Public Service District Water Revenue Bonds, Series 2014
A (United States Department of Agriculture)
Pleasant Hill Public Service District Water Revenue Bonds, Series 2014
B (United States Department of Agriculture)

DISBURSEMENTS TO DISTRICT

Payor:	United States Department of Agriculture
Source:	Series 2016 A Bonds Proceeds
Amount:	\$188,943.98
Date:	March 11, 2016
Form:	Electronic Funds Transfer
Payee:	Pleasant Hill Public Service District
Bank:	Calhoun Banks 362 Main Street, Grantsville, WV 26147
Contact:	Bruce Fitzwater, (304) 354-2031
Routing No.:	051502421
Account No.:	0046121
Account:	Series 2016 Bonds Construction Trust Fund

March 11, 2016

Pleasant Hill Public Service District
Five Forks, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Beckley, West Virginia

Re: Pleasant Hill Public Service District Water Revenue Bonds,
Series 2016 A (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to Pleasant Hill Public Service District (the “Issuer”) in connection with the issuance of its Water Revenue Bonds, Series 2016 A (United States Department of Agriculture), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of \$415,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 2.5% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the “Act”), and have been authorized by a Bond Resolution duly adopted by the Issuer on March 9, 2016, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 9, 2016 (collectively, the “Resolution”). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the “Project”); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

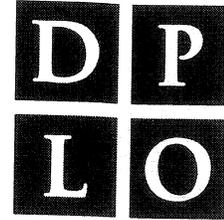
No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Bond numbered AR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

White Law Offices, PLLC

DREW PATTON
Law Office



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

March 11, 2016

Pleasant Hill Public Service District
Five Forks, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Parkersburg, West Virginia

White Law Offices, PLLC
South Charleston, West Virginia

Re: Pleasant Hill Public Service District Water Revenue Bonds
Series 2016 A (United States Department of Agriculture)

Ladies and Gentlemen:

I am counsel to Pleasant Hill Public Service District (the "Issuer"). As such counsel, I have examined copies of the approving opinions of White Law Offices, PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), the Letter of Conditions dated April 7, 2014, and all amendments thereto, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on March 9, 2016, as supplemented by a Supplemental Resolution duly adopted on March 9, 2016 (collectively, the "Resolution"), orders of The County Commission of Calhoun County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to adopt the Resolution, all under the Act and other applicable provisions of law.

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from The County Commission of Calhoun County, the West Virginia Bureau for Public Health, the Council and the Public Service Commission of West Virginia (the "PSC"). The Issuer has received the PSC Order entered on December 17, 2015, in Case No. 15-1334-PWD-CN, approving the rates for the System. The Issuer has taken all actions required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the PSC Orders entered on December 17, 2015, in Case No. 15-1334-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the December 17, 2015 Order has expired prior to the date hereof without any appeal having been filed. The Order remains in full force and effect.

7. The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be acquired or constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate

of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

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

9. I have ascertained that all successful bidders have provided the drugfree workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act and the Resolution; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Drew Patton".

Drew Patton Law Office

FINAL TITLE OPINION

LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 0.29 acres by new survey (Deed Book 230 at Page 680) Map 4 Part of Parcel 39.2 Sheridan District	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First Statutory lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date)
_____ at _____ a.m. and is recorded in _____
p.m. *(Book, page, and office)*
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016
(Date)


(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

FINAL TITLE OPINION

LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 0.52 sur Sheridan District Map 14 Parcel 5.5	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

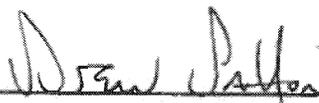
- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First _____ lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____
(Date)
_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

Form RD 1927-10
(Rev. 7-98)

FINAL TITLE OPINION

LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 1.15 sur Sheridan District Map 5 Parcel 7.2	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

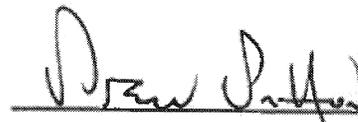
- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a Governmental Corporation
as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First statutory lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____, _____, at _____ a.m. and is recorded in _____ p.m.
(Priority) (Mortgage, etc.) (Date) (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

FINAL TITLE OPINION

LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 0.083 sur Center District Map 8 Parcel 19.2	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First Statutory lien on said property as required by Rural
(Priority) (Mortgage, etc)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date)
_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

FINAL TITLE OPINION

LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 0.083 sur Center District No Map & Parcel Assigned	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

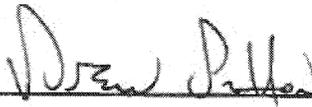
- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) (Time)
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First statutory lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date)
_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

FINAL TITLE OPINION

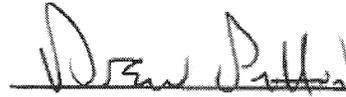
LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 0.021 sur Grantsville Corporation Map 3 Parcel 164	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First statutory lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date)
_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

FINAL TITLE OPINION

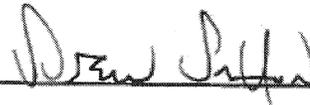
LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 1.5 sur Center District Map 8 Parcel 34.1	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First Statutory lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date)
_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

FINAL TITLE OPINION

LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 0.147 sur Sherman District Map 8 Parcel 10.1	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

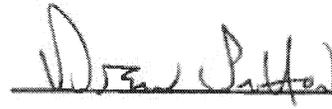
- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First Statutory lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date)
_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

FINAL TITLE OPINION

LOAN APPLICANT Pleasant Hill Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION 2 sur Sheridan District Map 15 Parcel 38	
APPLICANT FOR TITLE EXAMINATION Pleasant Hill Public Service District, a Governmental Agency	COUNTY Calhoun	STATE WV

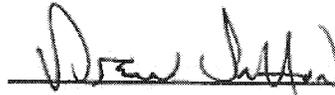
- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 11, 2016 at 9 a.m. a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Pleasant Hill Public Service District, a
Governmental Corporation
as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid First Statutory lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____,
(Date)
_____, at _____ a.m. and is recorded in _____
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-11-2016

(Date)



(Attorney's signature)

210 Court Street
Spencer, WV 25276

(Address, include ZIP Code)

Attachments

RIGHT- OF - WAY CERTIFICATE

The undersigned, Pleasant Hill Public Service District,
hereby certifies except as noted in item 4 below:

1. That the undersigned has acquired and presently holds continuous and adequate rights-of-way on private lands needed for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from, United States Department of Agriculture and such omissions, defects, or restrictions as may exist will in no substantial way or manner endanger the value or the operation of the facilities.
2. That the undersigned has acquired the necessary permits, franchises, and authorizations or other instruments by whatsoever name designated, from public utilities and public bodies, commissions, or agencies authorizing the construction, operation, and maintenance of the facilities upon, along or across streets, roads, highways, and public utilities.
3. That the attached "Right-of-way Map" shows the location and description of all land and rights-of-way acquired by right of use or adverse possession and by legal conveyances such as right-of-way or easement deeds, permits, or other instruments.
4. Exceptions:

NO EXCEPTIONS

WITNESS WHEREOF, applicant hereunto affixes its name and corporate seal this 11th day of
March, 2016.

Dale Cunningham

By Dale Cunningham

Attest:
Robert Beall
(Secretary)

Title Chairperson

(Affix Corporate Seal Here)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, OLRM, AG Box 7630, Washington, D.C. 20250 Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date 3/11/2016

Dear Sir:

I have reviewed the action taken by Pleasant Hill Public Service District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way

Certificate," executed by the Corporation on March 9, 20 16. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate".

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.

C. Exceptions:
NO EXCEPTIONS.

Prior Exceptions by Owner(s): Remedy:

Straley	Calhoun Co. Circuit Ct. case no. 16-P-6
Richards	Calhoun Co. Circuit Ct. case no. 16-P-5
"being determined"	R/W's obtained from all possible owners (Dawson's, Yatauro, Kuhn's)
Baker	Calhoun Co. Circuit Ct. case no. 16-P-4

Very truly yours,



Attorney for Pleasant Hill

Public Service District

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.