

**RECEIVED**

**AUG - 3 2006**

**MBC**

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

**DATE OF CLOSING: MAY 12, 2006**

**BONDS TRANSCRIPT**

**STEPTOE & JOHNSON PLLC**

John C. Stump, Esquire  
707 Virginia Street, East  
Chase Tower, Seventh Floor  
Charleston, WV 25326  
(304)353-8196  
john.stump@steptoe-johnson.com

Vincent A. Collins, Esquire  
1085 Van Voorhis Road  
United Center, Suite 400  
Morgantown, WV 26505  
(304)598-8161  
vincent.collins@steptoe-johnson.com

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)**

**BOND TRANSCRIPT**

**Table of Contents**

**BASIC DOCUMENTS**

1. (A) Bond Resolution
- (B) Supplemental Resolution
2. Prior Bonds Resolutions
3. Consent of WDA to Issuance of Parity Bonds
4. Public Service Commission Orders
5. United States Department of Agriculture Loan Resolution
6. Receipt for Bonds
7. Specimen Series 2006 A Bond
8. Registration Book

**OPINIONS OF COUNSEL**

9. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel, for the Series 2006 A Bonds
10. Opinion of Counsel to Issuer
11. Opinion of Special PSC Counsel to Issuer

## **CERTIFICATES**

12. Combined Certificate of Issuer and Attorney
13. Engineer's Certificate
14. Accountant's Certificate

## **DOCUMENTS OF THE ISSUER**

15. County Commission Orders Regarding Creation of the District
16. County Commission Orders of Appointment of Current Boardmembers
17. Oaths of Office of Current Boardmembers
18. Rules of Procedure
19. Affidavit of Publication on Notice of Filing
20. Minutes of Current Year Organizational Meeting
21. Minutes on Adoption of Bond Resolution and Supplemental Resolution
22. Municipal Bond Commission New Issue Report

## **MISCELLANEOUS DOCUMENTS**

23. United States Department of Agriculture Letter of Conditions and Closing Instructions
24. Receipt for Payment of Series 2004 B Note
25. Receipt of Depository Bank

04.18.06  
847280.00007





**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)**

**CONFORMED BOND RESOLUTION**

**Table of Contents**

<b>Subject</b>		<b>Page</b>
<b>ARTICLE I</b>		
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings and Determinations	2
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
<b>ARTICLE II</b>		
<b>AUTHORIZATION OF PAYMENT OF PRIOR NOTES AND ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>		
Section 2.01	Authorization of Payment of Prior Notes and Acquisition and Construction of the Project	9
<b>ARTICLE III</b>		
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS</b>		
Section 3.01	Authorization of Bonds	10
Section 3.02	Description of Bonds	10
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	10
Section 3.04	Bond Registrar	11
Section 3.05	Execution of Bonds	11
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	11
Section 3.07	Bonds Secured by Pledge of Net Revenues	12
Section 3.08	Form of Bond	12

**FORM OF BOND**

13

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

Section 4.01	Establishment of Funds and Accounts with Depository Bank	19
Section 4.02	Bond Proceeds; Project Construction Account	19
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	20

**ARTICLE V  
GENERAL COVENANTS, ETC.**

Section 5.01	General Statement	24
Section 5.02	Rates	24
Section 5.03	Sale of the System	24
Section 5.04	Issuance of Additional Parity Bonds or Obligations	24
Section 5.05	Insurance and Bonds	25
Section 5.06	Statutory Mortgage Lien	27
Section 5.07	Events of Default	27
Section 5.08	Enforcement	27
Section 5.09	Fiscal Year; Budget	28
Section 5.10	Compensation of Members of Governing Body	28
Section 5.11	Covenant to Proceed and Complete	28
Section 5.12	Books and Records; Audits	28
Section 5.13	Maintenance of System	29
Section 5.14	No Competition	29

**ARTICLE VI  
RATES, ETC.**

Section 6.01	Initial Schedule of Rates and Charges; Rules	30
--------------	--	----

**ARTICLE VII  
MISCELLANEOUS**

Section 7.01	Payment of Bonds	31
Section 7.02	Modification or Amendment	31
Section 7.03	Delivery of Bonds	31
Section 7.04	Severability of Invalid Provisions	31
Section 7.05	Conflicting Provisions Repealed	31
Section 7.06	Table of Contents and Headings	31
Section 7.07	Covenant of Due Procedure, Etc.	32
Section 7.08	Effective Time	32
	<b>SIGNATURES</b>	33
	<b>CERTIFICATION</b>	34

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
CONFORMED RESOLUTION

RESOLUTION AUTHORIZING THE PAYMENT OF THE WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

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

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a second line from the water plant to the Jonathon Larck Lake, storage tanks, looping of distribution lines and additional security measures for the System, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The Issuer has heretofore issued its Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), dated June 18, 2004, issued in the original principal amount of \$120,000 (the "Prior Notes"), to temporarily finance certain constructions costs of the Project. The Prior Notes are secured by a first lien on the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Prior Notes. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for, if any, the Prior Notes in full with proceeds of the Series 2006 A Bonds on the date of issuance thereof.

E. The estimated maximum cost of the acquisition and construction of the Project is \$8,190,000 which will be obtained from the proceeds of sale of the Series 2006 A Bonds, herein authorized.

F. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the aggregate principal amount of \$8,190,000 (the "Series 2006 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided and to pay in full the Prior Notes. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

H. Upon the payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$6,440,000 (the "Series 1999 A Bonds"), (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$5,425,000 (the "Series 1999 B Bonds"), and (iii) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, and issued in the original aggregate principal amount of \$250,000 (the "Series 2004 A Notes" and, collectively with the Series 1999 A Bonds and the Series 1999 B Bonds, the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

I. It is in the best interest of the Issuer that the Series 2006 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 7, 2005, and all amendments thereto, if any (collectively, the "Letter of Conditions").

J. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, the refunding of the Prior Notes, and the issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of the Series 2006 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2006 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2006 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2006 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Howard K. Bell, Consulting Engineers, Inc., Hurricane, 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 (F) hereof.

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 7, 2005, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2006 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting

principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1999 A Bonds, the Series 1999 B Bonds, and the Series 2004 A Notes.

"Prior Notes" means the Issuer's Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), as described in Section 1.02D hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively, adopted authorizing the issuance of the Prior Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury

Investments to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended; and

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

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

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

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

"Secretary" means the Secretary of the Governing Body.

"Series 2006 A Bonds" means the Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

## ARTICLE II

### AUTHORIZATION OF PAYMENT OF PRIOR NOTES AND ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment of Prior Notes and Acquisition and Construction of the Project. There is hereby authorized and ordered the payment of the outstanding interest on and principal of the Prior Notes and the acquisition and construction of the Project, at an estimated cost of \$8,190,000, 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 cost of payment of the outstanding interest on and principal of the Prior Notes is estimated to be \$120,000, which will be obtained from the proceeds of the Series 2006 A Bonds.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2006 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), are hereby authorized to be issued in the aggregate principal amount of \$8,190,000, for the purpose of financing the cost of the acquisition and construction of the Project and payment of the outstanding interest on and principal of the Prior Notes.

Section 3.02. Description of Bonds. The Series 2006 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2006 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2006 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2006 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2006 A Bonds, and the right to principal of and stated interest on the Series 2006 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2006 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2006 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2006 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2006 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2006 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2006 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2006 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2006 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2006 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2006 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2006 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2006 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2006 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2006 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2006 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2006 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2006 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

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

No. AR-1

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

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted April 25, 2006, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(1) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000;

(2) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000; AND

(3) WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000.

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

IN WITNESS WHEREOF, SOUTH PUTNAM 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.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

\_\_\_\_\_  
Secretary, Public Service Board





## ARTICLE IV

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

Section 4.01.      A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior 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);  
and
- (3) Series 2006 A Bonds Project Construction Account.

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

- (1) Series 2006 A Bonds Reserve Account.

Section 4.02.      Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2006 A Bonds shall be deposited upon receipt by the Issuer in the Series 2006 A Bonds Project Construction Account. The monies in the Series 2006 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2006 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2006 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2006 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2006 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the 2006 A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2006 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

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

So long as any of the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 A Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to (i) the Commission, to pay principal and interest, if any, on the Prior Bonds; and (ii) the National Finance Office, the amounts required to pay the interest on the Series 2006 A Bonds and to amortize the principal of the Series 2006 A Bonds over the life of the Bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission, the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Prior Bonds; and (ii)

beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2006 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2006 A Bonds Reserve Account shall be used solely to make up any deficiency for the monthly payments of the principal of and interest on the Series 2006 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2006 A Bonds, or for mandatory prepayment of the Series 2006 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2006 A Bond Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (as previously set forth in the Prior Resolutions) to the Renewal and Replacement Fund, the amounts required by the Prior Resolutions.

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

Whenever the money in the Series 2006 A Bonds Reserve Account shall be sufficient to prepay the Series 2006 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2006 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 A Bonds Reserve Account. All amounts required for the Series 2006 A Bonds Reserve Account will be deposited

therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2006 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2006 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2006 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2006 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2006 A Bonds, provide evidence that there will be at least 7920 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

## ARTICLE V

### GENERAL COVENANTS, ETC.

Section 5.01.      General Statement. So long as the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2006 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2006 A Bonds.

Section 5.02.      Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2006 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03.      Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2006 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04.      Issuance of Additional Parity Bonds or Obligations. No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser. No Parity Bonds shall be issued after issuance of the Series 2006 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

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

- (1) The Bonds Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding;

(3) The Parity Bonds then proposed to be issued.

No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser and the Holders of the Prior Bonds.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2006 A Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Resolutions.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2006 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or

death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2006 A Bonds.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2006 A Bonds are outstanding, the Issuer will carry insurance and bonds

or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06.      Statutory Mortgage Lien. For the further protection of the Holder of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2006 A Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2006 A Bonds at the date specified for payment thereof;

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2006 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

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

Section 5.08.      Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2006 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2006 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

Section 5.12. Books and Records: Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2006 A Bonds are outstanding.

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

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges: Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order and Commission Order of the Public Service Commission of West Virginia, entered on January 10, 2006 and March 2, 2006, Case No. 05-0660-PWD-CN, which Final Order and Commission Order are incorporated herein by reference as a part hereof.

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

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

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

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

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

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2006 Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2006 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2006 A Bonds, the Issuer may not defease the Series 2006 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2006 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2006 A Bonds.

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

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

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

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

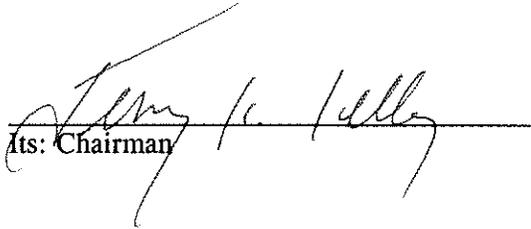
Section 7.07.      Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in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

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

Adopted this 25th day of April, 2006.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

By:

  
Its: Chairman

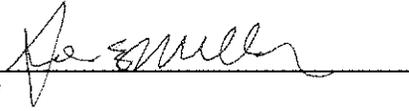
CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 25th day of April, 2006.

Dated: May 12, 2006.

[SEAL]

Secretary

A handwritten signature in cursive script, appearing to read "J. E. Miller", is written over a horizontal line. The signature is positioned to the right of the word "Secretary".

4.19.06  
847280.00007



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION APPROVING THE  
CONFORMED BOND RESOLUTION; AND MAKING OTHER  
PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of South Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective April 25, 2006 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

WHEREAS, the Resolution has been revised pursuant to comments received after its adoption and the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Conformed Bond Resolution be approved and entered into by the Issuer;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. The Issuer hereby approves the Conformed Bond Resolution  
attached hereto as Exhibit A.

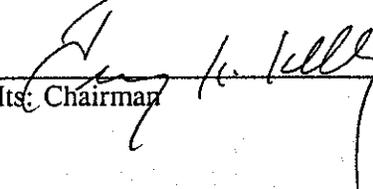
Section 2. This Supplemental Resolution shall be effective immediately  
following adoption hereof.

Adopted this 10th day of May, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

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

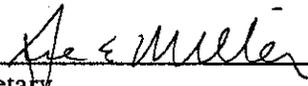
Its: Chairman

A handwritten signature in black ink, appearing to read "Gregory W. Kelly", is written over a horizontal line. The signature is cursive and extends above and below the line.

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of South Putnam Public Service District on May 10, 2006, which Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this 12th day of May, 2006.

  
Secretary

05/09/06  
847280.00007

EXHIBIT A

CONFORMED BOND RESOLUTION

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT OF THE WATERWORKS SYSTEM BOND ANTICIPATION NOTES, SERIES 2004 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

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

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a second line from the water plant to the Jonathon Larck Lake, storage tanks, looping of distribution lines and additional security measures for the System, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The Issuer has heretofore issued its Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), dated June 18, 2004, issued in the original principal amount of \$120,000 (the "Prior Notes"), to temporarily finance certain constructions costs of the Project. The Prior Notes are secured by a first lien on the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Prior Notes. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for, if any, the Prior Notes in full with proceeds of the Series 2006 A Bonds on the date of issuance thereof.

E. The estimated maximum cost of the acquisition and construction of the Project is \$8,190,000 which will be obtained from the proceeds of sale of the Series 2006 A Bonds, herein authorized.

F. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the aggregate principal amount of \$8,190,000 (the "Series 2006 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided and to pay in full the Prior Notes. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

H. Upon the payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$6,440,000 (the "Series 1999 A Bonds"), (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$5,425,000 (the "Series 1999 B Bonds"), and (iii) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, and issued in the original aggregate principal amount of \$250,000 (the "Series 2004 A Notes" and, collectively with the Series 1999 A Bonds and the Series 1999 B Bonds, the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System. ~~There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.~~

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

I. It is in the best interest of the Issuer that the Series 2006 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions,

dated June 7, 2005, and all amendments thereto, if any (collectively, the "Letter of Conditions").

J. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, the refunding of the Prior Notes, and the issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of the Series 2006 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2006 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2006 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2006 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Howard K. Bell, Consulting Engineers, Inc., Hurricane, 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 (F) hereof.

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 7, 2005, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2006 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the

System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1999 A Bonds, the Series 1999 B Bonds, and the Series 2004 A Notes.

"Prior Notes" means the Issuer's Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority), as described in Section 1.02D hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively, adopted authorizing the issuance of the Prior Bonds.

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

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

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

(a) Government Obligations;

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

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

Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

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

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

"Secretary" means the Secretary of the Governing Body.

"Series 2006 A Bonds" means the Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

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

ARTICLE II

AUTHORIZATION OF PAYMENT OF PRIOR NOTES AND  
ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment of Prior Notes and Acquisition and Construction of the Project. There is hereby authorized and ordered the payment of the outstanding interest on and principal of the Prior Notes and the acquisition and construction of the Project, at an estimated cost of \$8,190,000, 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 cost of payment of the outstanding interest on and principal of the Prior Notes is estimated to be \$120,000, which will be obtained from the proceeds of the Series 2006 A Bonds.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2006 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), are hereby authorized to be issued in the aggregate principal amount of \$8,190,000, for the purpose of financing the cost of the acquisition and construction of the Project and payment of the outstanding interest on and principal of the Prior Notes.

Section 3.02. Description of Bonds. The Series 2006 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2006 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2006 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2006 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2006 A Bonds, and the right to principal of and stated interest on the Series 2006 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2006 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2006 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2006 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2006 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2006 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2006 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2006 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2006 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2006 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2006 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2006 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2006 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2006 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2006 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2006 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2006 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2006 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

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

No. AR-1

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

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ \_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted April 25, 2006, authorizing issuance of this Bond (the "Resolution").

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

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

**THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:**

(1) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000;

(2) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000; AND

(3) WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000.

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

IN WITNESS WHEREOF, SOUTH PUTNAM 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.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

\_\_\_\_\_  
Chairman, Public Service Board

ATTEST:

\_\_\_\_\_  
Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

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

\_\_\_\_\_  
In the presence of:  
  
\_\_\_\_\_

## ARTICLE IV

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

Section 4.01.      A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior 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);  
and
- (3) Series 2006 A Bonds Project Construction Account.

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

- (1) Series 2006 A Bonds Reserve Account.

Section 4.02.      Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2006 A Bonds shall be deposited upon receipt by the Issuer in the Series 2006 A Bonds Project Construction Account. The monies in the Series 2006 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2006 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2006 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2006 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2006 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the 2006 A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2006 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

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

So long as any of the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 A Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to (i) the Commission, to pay principal and interest, if any, on the Prior Bonds; and (ii) the National Finance Office, the amounts required to pay the interest on the Series 2006 A Bonds and to amortize the principal of the Series 2006 A Bonds over the life of the Bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission, the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Prior Bonds; and (ii)

beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2006 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2006 A Bonds Reserve Accounts shall be used solely to make up any deficiency for the monthly payments of the principal of and interest on the Series 2006 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2006 A Bonds, or for mandatory prepayment of the Series 2006 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2006 A Bond Reserve Account, so long as the ~~Series 2006 A Bonds~~ Minimum Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (as previously set forth in the Prior Resolutions) to the Renewal and Replacement Fund, the amounts required by the Prior Resolutions.

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

Whenever the money in the Series 2006 A Bonds Reserve Account shall be sufficient to prepay the Series 2006 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2006 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 A Bonds Reserve Account. All amounts

required for the Series 2006 A Bonds Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund and the Series 2006 A Bonds Reserve Account shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 Series 2006 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2006 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2006 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2006 A Bonds Reserve Accounts invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2006 A Bonds Reserve Accounts, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2006 A Bonds, provide evidence that there will be at least 7920 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

## ARTICLE V

### GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2006 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2006 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2006 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2006 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. ~~In addition, n~~No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser. No Parity Bonds shall be issued after issuance of the Series 2006 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

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

- (1) The Bonds Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding;

(3) The Parity Bonds then proposed to be issued.

No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser and the Holders of the Prior Bonds.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2006 A Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Resolutions.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2006 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or

death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2006 A Bonds.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2006 A Bonds are outstanding, the Issuer will carry insurance and bonds

or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2006 A Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2006 A Bonds at the date specified for payment thereof; ~~and~~

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2006 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; ~~and~~

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; ~~provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2006 A Bonds.~~

Section 5.09. Fiscal Year; Budget. While the Series 2006 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2006 A Bonds are outstanding.

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

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order and Commission Order of the Public Service Commission of West Virginia, entered on January 10, 2006 and March 2, 2006, Case No. 05-0660-PWD-CN, which Final Order and Commission Order are incorporated herein by reference as a part hereof.

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

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

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

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

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

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2006 Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2006 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2006 A Bonds, the Issuer may not defease the Series 2006 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2006 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2006 A Bonds.

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

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

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

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

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

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

Adopted this 25th day of April, 2006.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: \_\_\_\_\_  
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 25th day of April, 2006.

Dated: May 12, 2006.

[SEAL]

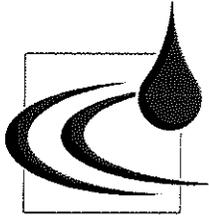
\_\_\_\_\_  
Secretary

4.19.06  
847280.00007



ON FILE WITH ISSUER





WEST VIRGINIA

**Water Development Authority**

*Celebrating 31 Years of Service 1974 - 2005*

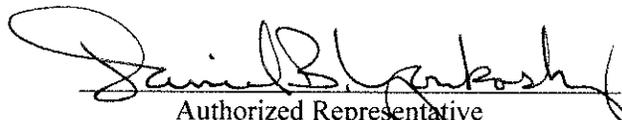
May 12, 2006

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Bassett & Lowe, independent certified public accountants, and the opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met (copies of which are attached hereto), the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the original aggregate principal amount of \$8,190,000, by South Putnam Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), and (iii) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority) (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
Authorized Representative



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: December 21, 2005

**FINAL**

1-10-06

CASE NO. 05-0660-PWD-CN

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

Application for a certificate of convenience and necessity for the construction, operations and maintenance of a water system improvement project throughout its service area in Putnam County, West Virginia, and for approval of financing related thereto.

RECOMMENDED DECISION

On March 3, 2005, the South Putnam Public Service District (District) filed a Notice of Intent to File Application for Certificate of Convenience and Necessity.

On May 9, 2005, the District filed its Application for a certificate of convenience and necessity for the construction, operation and maintenance of a water system improvement project throughout its service area in Putnam County, West Virginia. The District seeks approval of the proposed financing of the project as well as interim and final increased water rates. The proposed project will add a second line from the water plant to Jonathon Larck Lake which will enable the District to continuously draw a raw water supply from the lake for treatment without interference while it is being filled from the Poplar Fork Lake. Storage tanks, looping of distribution and additional security measures are also proposed. The proposed project will serve approximately 45 customers in areas currently unserved. The project is projected to cost approximately \$8,190,000.00 and will be funded with a 38-year loan from the USDA Rural Utilities Service (RUS) in the amount of \$8,190,000.00 at an interest rate of 4.25%. An interim loan of \$600,000, at the New York prime rate plus 2%, with a base rate of 6%, has been obtained through the Putnam County Bank. The District proposes a two-step increase over its current rates with the first step of interim rates to go into effect immediately upon the issuance of a certificate in this proceeding. The second step would be placed into effect upon the completion of the water improvement project.

By a Notice of Filing Order entered on May 9, 2005, the Public Service Commission required the Applicant to provide the public legal notice of the filing of its application by publication of said Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Putnam County, making due return to this Commission of proper certification of publication. The Notice of Filing contained the rates and charges proposed by the Applicant and made

provision for the filing of protest, objection or intervention within thirty (30) days from the date of publication.

On June 2, 2005, the District filed an Affidavit of Publication which indicated that the Notice of Filing was published on May 19, 2005, in The Putnam Democrat, a newspaper duly qualified by the Secretary of State, published and generally circulated in Putnam County.

On June 10, 2005, Staff Attorney Ronald E. Robertson, Jr., filed the Initial Joint Staff Memorandum to which was attached the June 10, 2005 Initial Internal Memorandum prepared by Jonathan M. Fowler, P.E., Staff Engineer, Engineering Division, and Dixie Kellmeyer, Utilities Analyst III, Utilities Division. Staff reported that it was reviewing the District's water project and, upon completion of the review, would file its final recommendation. Staff recommended that the case be referred to the Division of Administrative Law Judges.

By Commission Referral Order dated June 22, 2005, this proceeding was referred to the Division of Administrative Law Judges for a decision to be rendered on or before December 5, 2005.

On August 10, 2005, a permit for the proposed project from the West Virginia Office of Environmental Health Services was filed.

On August 24, 2005, Mr. Robertson filed the Further Joint Staff Memorandum to which was attached the August 9, 2005 Further Internal Memorandum prepared by Mr. Fowler and James Boggess, Utilities Analyst II, Utilities Division. Technical Staff requested that Legal Staff prepare a formal data request for specific items.

On August 24, 2005, Staff Attorney Robertson filed Commission Staff's First Set of Interrogatories, Data Requests or Requests for Information to South Putnam Public Service District.

On September 12, 2005, the District filed its Response to Commission Staff's First Set of Interrogatories, Data Requests or Requests for Information.

On September 23, 2005, Mr. Robertson, on behalf of Commission Staff, filed a Motion for the Commission to Extend the Administrative Law Judge's Decision Due Date. Attached to the motion was the September 20, 2005 Further Internal Memorandum prepared by Mr. Fowler and Mr. Boggess. Technical Staff reported that it had substantially completed its review of the District's books and records, but still needed to obtain information regarding the District's short-term capital needs. Technical Staff indicated that, since Staff was late in filing the Final Joint Staff Memorandum, Staff was requesting a thirty-day extension of the decision due date for the Division of Administrative Law Judges.

By Procedural Order dated September 27, 2005, the Final Joint Staff Memorandum was required to be filed on or before October 3, 2005.

By Commission Order dated September 30, 2005, the decision due date for the Division of Administrative Law Judges was extended until January 5, 2006.

On October 3, 2005, Staff Attorney Robertson filed the Final Joint Staff Memorandum to which was attached the September 27, 2005 Final Internal Memorandum prepared by Mr. Fowler and Mr. Boggess. A Staff Rule 42 Exhibit, dated October 3, 2005, prepared by Ms. Kellmeyer and Robert C. Stier, Chief Utilities Analyst, was also attached.

Engineering Staff reported that the District owns and operates a regional water system which includes two (2) raw water supply reservoirs, one (1) water treatment plant, ten (10) finished water storage facilities, an extensive water distribution system of approximately 1.3 million feet of various sizes of water lines and fifteen (15) water booster stations. The system serves approximately 8,055 residential, commercial and industrial customers, including two (2) resale customers. One of the resale customers, Putnam Utilities Corporation, was acquired by the District in Case No. 03-0959-PSWD-PC, leaving only one resale customer, i.e., the City of Hurricane.

Total water sales for the year ending June 30, 2004, were 520,841,000 gallons with unaccounted water at 31,463,000 gallons, or approximately 5.7%. Total operation and maintenance expenses for the test year were \$1,667,710, or approximately \$17.25 per customer per month, an amount Staff opined to be reasonable. The per-books surplus available for capital improvements for the test year was \$199,496.

The District's water facility was last upgraded in 1999. Subsequent engineering studies indicated that the raw water supply system and certain other components of the water system need improvement. The proposed project, comprised of eleven (11) contracts, would enable the District to increase raw water supply reliability, improve distribution system reliability, improve water quality, reduce treatment costs, provide water service to currently unserved areas and enhance fire protection. The proposed project will add approximately forty-five (45) new customers.

The present project cost estimate is \$8,190,000 with the most recent, updated cost estimates filed on September 12, 2005. The estimated construction cost is \$5,688,414, which has not been bid. Staff believes that, once bids are received, the project costs will likely change. Staff reported that, in the event that project costs increase due to construction cost escalations, either additional funding must be obtained, or the project's approved scope and cost will need to be revised. Staff strongly advised the District to plan well in advance for the likelihood of increased construction costs. Staff opined that the engineering fees, which are approximately 10.3% of the project cost, are not unreasonable considering the complexity of the project and the fact that the project includes both treatment plant renovations and distribution system work. Staff did not do a cost analysis per customer since the vast majority of the proposed work will enhance service to

existing customers and will improve the security and reliability of the existing water system.

Staff found no apparent conflicts with the Commission's rules or regulations and recommended approval of the project without specifically approving the project plans and specifications. Engineering Staff recommended that a certificate of convenience and necessity be issued by the Commission, contingent upon the District's receipt of all necessary federal, state and local permits and approvals for the proposed construction. Technical Staff is of the opinion, based upon information provided in the engineering reports and studies supplied by the District's consulting engineer, that the project is necessary, appropriate and will mitigate some long-standing problems within the District's water distribution system, improve raw water quality, reduce treatment costs, enhance system security and improve fire flows in certain areas of the District's system. The project will reduce or alleviate the inability of the existing treatment facility to consistently provide potable water and potential raw water shortages. The project will provide the area with a reliable source of potable water to support and sustain growth, which prompted Technical Staff to support the proposed project.

Engineering Staff recommended that an annual increase of \$20,000 be made to account for various project-related operation and maintenance (O&M) expenses.

Engineering Staff recommended a \$370,000 annual surplus for ongoing water line relocation and replacement costs which this District has incurred and will continue to incur for the foreseeable future. This level of surplus will provide the District with sufficient funding for its ongoing maintenance program, for the purchase of necessary vehicles and maintenance equipment and to continue to upgrade main water lines.

Although the District requested an interim rate increase and a post-project rate increase, Staff recommended that the interim rate increase be denied. Staff recommended a post-project rate increase of 13.52%, which will provide \$372,984 in annual surplus for the District's capital improvements plan. The water bill of a customer who uses 4,500 gallons of water per month would increase from \$22.53 to \$25.60 per month. Staff recommended a leak adjustment rate of \$0.36 per 1,000 gallons.

A 40-year RUS loan in the amount of \$8,190,000, bearing interest at the rate of 4.125%, will finance the project. The first two (2) years' payments will be interest only and the remaining 38 years of payments of principal and interest will be in equal monthly installments. Debt service coverage will be 136.8%.

The Staff-recommended post-construction tariff provides for a pre-construction tap fee of \$100.00 to meet RUS requirements.

Staff recommended that the Commission approve the proposed funding, consisting of the RUS loan of \$8,190,000 for forty (40) years at a 4.125% rate of interest. Staff also recommended that the Commission approve the

Staff-recommended post-construction tariff. If there are any substantive changes in the scope of the project, the District must immediately request a reopening of the certificate case for further review and approval; should bids exceed the estimated construction costs approved herein and such increase results in the need to increase user rates or charges approved as part of this application, Staff recommended that the District be required to immediately request a reopening of the case for further review and consideration by the Commission. The District should submit a certified copy of the bid tabulation(s) for all contracts as they become available. The District should submit a copy of the certificate of substantial completion issued for each construction contract associated with the project as soon as they become available.

Legal Staff stated that the District's filing had been reviewed and concurred with Technical Staff's final recommendations. Legal Staff also reported that the District had complied with Rule 10.3.d of the Commission's Rules of Practice and Procedure by filing on May 11, 2005, a return receipt for certified mail, evidencing the receipt of the Notice of Filing Order by the City of Hurricane, the District's only water resale customer. Mr. Robertson reported that, although the District had not provided individual notice of its proposed water rate increase for the project to its customers, the District's legal counsel had informed him that notice would be provided on the District's October 6, 2005 water bills. Mr. Robertson recommended approval of the water project contingent upon the District filing its affidavit establishing that it notified its customers of its proposed water rate increase as required by Rule 10.3.d of the Commission's Rules of Practice and Procedure and absent any protests.

On October 11, 2005, the District filed a letter in response to the Final Joint Staff Memorandum and indicated that the Staff recommendation did not provide the District with sufficient funds to meet its ongoing obligations and provide capital improvements at historical levels. The District indicated that, unless differences could be resolved, a hearing would be necessary.

By Procedural Order dated October 12, 2005, the following procedural schedule was adopted for processing this case:

1. A hearing in this matter shall be held on November 7, 2005, at 9:30 a.m. in the Howard M. Cunningham Hearing Room, Public Service Commission Building, 201 Brooks Street, Charleston, West Virginia;
2. A transcript of the proceeding shall be filed by November 21, 2005;
3. Initial briefs, if any, may be filed on or before December 11, 2005, and reply briefs, if any, may be filed on or before December 21, 2005.

The parties were cautioned that any party wishing to revise the procedural schedule must obtain an extension of the decision due date for

the Division of Administrative Law Judges and submit three (3) alternative hearing dates agreed to by all parties at least seven (7) days before the scheduled hearing date. The three (3) alternative hearing dates each must allow for sufficient time in which to process the case.

Additionally, the District was also directed to provide evidence of its compliance with the requirement to provide separate notices to its customers, within ten (10) days of the date of the Order.

On October 12, 2005, the District filed a copy of a report of an accident which had occurred on October 10, 2005. The accident involved a District vehicle.

On October 17, 2005, the District filed an affidavit evidencing the District's compliance with Rule 10.3.d of the Commission's Rules of Practice and Procedure.

On November 2, 2005, Staff Attorney Richard M. Allen filed the Final Staff Memorandum to which was attached the Utilities Division's November 2, 2005 Revised Staff Rule 42 Exhibit prepared by Ms. Kellmeyer and Mr. Stier. Staff again recommended no interim rate increase to cover going-level operation and maintenance expenses. Staff reported that the total Staff-recommended final rate increase, together with revenue from the additional customers added by the project, would generate approximately \$442,099, or 15.56% above going-level, in additional annual revenues. The water bill of a customer using 4,500 gallons of water per month would increase from \$22.53 to \$26.10 per month. The Staff-recommended rates result in a 15.75% revenue increase, producing total revenues of \$3,283,902, resulting in a net operating income of \$33,599 and a cash surplus of \$400,740. The Staff-recommended leak adjustment is \$0.36 per 1,000 gallons. Staff recommended that the tariff shown on Statement D, Schedule 5, which contains no increase in rates, but contains changes to conform the tariff to the Rules for the Construction and Filing of Tariffs, be approved for use by the District until the project in question is substantially complete. Staff recommended that the tariff shown on Statement D, Schedule 6 be approved for use by the District upon substantial completion of the project. Staff also recommended that the lesser connection fee of \$100 be approved for customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission.

On November 3, 2005, the District filed a Motion to Cancel Hearing. The District represented that it agreed with Staff's recommendations in the November 2, 2005 Revised Rule 42 Exhibit. Additionally, the District had not published the Notice of Hearing.

As of the date of this Order, no protests have been filed.

By Procedural Order dated November 4, 2005, the hearing in this matter was cancelled.

On November 14, 2005, the District filed a Joint Stipulation entered into between the District and Commission Staff. The Joint Stipulation provided that the parties agreed that: (a) a certificate of convenience and necessity should be granted as applied for and the terms of financing as set forth in the Staff Report should be approved; (b) that rates attached as Exhibit No. 1 to the Joint Stipulation and as contained in the Revised Staff Rule 42 Exhibit filed on November 2, 2005, are fair and reasonable; and (c) the District will not file with the Commission for a water rate increase prior to October 1, 2007, unless audits of the District performed for fiscal years ending June 30, 2006, and/or June 30, 2007, reveal that the District's debt service coverage has fallen below 115%.

#### FINDINGS OF FACT

1. On May 9, 2005, the South Putnam Public Service District filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of a water system improvement project throughout its service area in Putnam County, West Virginia. (See, May 9, 2005 filing).

2. The total estimated project cost of \$8,190,000.00 is to be funded with a 38-year loan from the USDA Rural Utilities Service in the amount of \$8,190,000.00 at an interest rate of 4.25%. An interim loan of \$600,000, at the New York prime rate plus 2%, with a base rate of 6%, has been obtained through the Putnam County Bank. (See, May 9, 2005 filing).

3. The District proposed a two-step increase over its current rates with interim rates to go into effect immediately upon the issuance of a certificate in this proceeding and another rate increase to go into effect upon the completion of the water improvement project. (See, May 9, 2005 filing).

4. The District filed an Affidavit of Publication which indicated that the Notice of Filing was published on May 19, 2005, in The Putnam Democrat, a newspaper duly qualified by the Secretary of State, published and generally circulated in Putnam County. (See, May 16, 2005 filing).

5. No protests or objections were filed to the District's certificate application within the thirty-day response period, which expired on June 19, 2005. (See, case file generally).

6. Staff recommended no interim rate increase to cover going-level O&M expenses. The total Staff-recommended final rate increase, together with revenue from additional customers added by the project, will generate additional annual revenues of approximately \$442,099, or 15.56%, above going-level. The Staff-recommended rates will produce total revenues of \$3,283,902, a net operating income of \$33,599, a cash surplus of \$400,740 and debt service coverage of 139.16%. (See, Final Staff Memorandum filed on November 2, 2005; Joint Stipulation filed November 14, 2005).

7. The project is necessary, appropriate and will mitigate some long-standing problems within the District's water distribution system, improve raw water quality, reduce treatment costs, enhance system security and improve fire flows in certain areas of the District. Although the vast majority of the work will enhance service to existing customers and will improve the security and reliability of the existing water system, the project will add approximately forty-five (45) new customers. (See, Final Joint Staff Memorandum and attachment filed October 3, 2005).

8. The District filed an affidavit evidencing the District's compliance with Rule 10.3.d of the Commission's Rules of Practice and Procedure. (See, filing dated October 17, 2005).

9. No protests or objections were filed in response to the notice provided to individual customers or the one resale customer in compliance with Rule 10.3.d of the Commission's Rules of Practice and Procedure. (See, case file generally).

10. The Commission Staff and the District are in agreement with the resolution of this proceeding as evidenced by the Joint Stipulation. (See, Joint Stipulation filed November 14, 2005).

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the South Putnam Public Service District for the construction, operation and maintenance of a water system improvement project throughout the District's service area in Putnam County, West Virginia.

2. It is reasonable to approve the financing of the project certificated herein, which consists of a USDA Rural Utilities Service loan in the amount of \$8,190,000.00 at an interest rate of 4.25%, and an interim loan of \$600,000 at the New York prime rate plus 2%, with a base rate of 6%, which has been obtained through the Putnam County Bank.

3. It is reasonable to approve the Joint Stipulation entered into by the parties and filed on November 14, 2005, including the Staff-recommended rates.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on May 9, 2005, by the South Putnam Public Service District for a certificate of convenience and necessity for the construction, operation and maintenance of a water system improvement project throughout its service area in Putnam County, West Virginia, as is more particularly set forth and described in said certificate application be, and hereby is, granted, without need for a formal hearing.

IT IS FURTHER ORDERED that the financing of the project, consisting of a USDA Rural Utilities Service loan in the amount of \$8,190,000.00 at

an interest rate of 4.25% and an interim loan of \$600,000, at the New York prime rate plus 2%, with a base rate of 6%, obtained from the Putnam County Bank be, and hereby is, approved.

IT IS FURTHER ORDERED that the Joint Stipulation executed by the parties and filed on November 14, 2005, in this proceeding be, and hereby is, approved.

IT IS FURTHER ORDERED that the South Putnam Public Service District be, and hereby is, directed to submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the South Putnam Public Service District be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

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

IT IS FURTHER ORDERED that the South Putnam Public Service District petition the Commission to reopen the proceeding should the cost, scope or financing of the project change for any reason.

IT IS FURTHER ORDERED that the rates attached as Appendix A be, and hereby are, approved for use by the District as pre-construction rates, to become effective upon this Recommended Decision becoming final, and that the rates attached as Appendix B be, and hereby are, approved for use by the District upon substantial completion of the project.

IT IS FURTHER ORDERED that the District file with the Commission a proper tariff for the pre-construction rates hereby approved, and at least five copies, within thirty (30) days of the date of this Order becoming a final order of the Commission.

IT IS FURTHER ORDERED that the District file with the Commission a proper tariff for the post-construction rates and at least five (5) copies, within thirty (30) days from the date of substantial completion.

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

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions

are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

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

*Deborah Yost VanDervort*

Deborah Yost VanDervort  
Administrative Law Judge

DYV:s  
050660ac.wpd

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
CASE NO. 05-0660-PWD-CN  
PRE-CONSTRUCTION APPROVED RATES

SCHEDULE 1

APPLICABILITY

Applicable in entire territory served except the Kanawha Orchard Industrial customers.

AVAILABILITY

Available for general domestic, commercial South Putnam industrial and resale service.

RATES

First 2,000 gallons used per month	Minimum Rate According to Meter Size
Next 23,000 gallons used per month	\$3.581 per 1,000 gallons
Next 975,000 gallons used per month	\$3.273 per 1,000 gallons
Next 1,000,000 gallons used per month	\$2.262 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$16.80 per month which is equivalent of 2,000 gallons of water:

5/8 inch meter or 3/4-inch meter	\$ 13.58 per month
1-inch meter	\$ 33.95 per month
1 1/4-inch meter	\$ 49.56 per month
1 1/2-inch meter	\$ 67.89 per month
2-inch meter	\$ 108.63 per month
3-inch meter	\$ 220.50 per month
4-inch meter	\$ 339.45 per month
6-inch meter	\$ 678.90 per month
8-inch meter	\$1,086.24 per month

TAP FEE

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

A tap fee of \$100.00 will be charged to a customer applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION SERVICE CHARGE - \$25.00

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

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 penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK CHARGE FOR INSUFFICIENT FUNDS

A service charge equal to the actual bank fee assessed to the District or a maximum of \$15.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

LEAK ADJUSTMENT

\$0.40 Per 1,000 gallons is to be used when the bill reflects unusual consumption, which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SCHEDULE 1-A

APPLICABILITY

Applicable in territory formerly served by Kanawha Orchard Public Service District for industrial customers only.

AVAILABILITY

Available for industrial water service.

RATES

First	3,000 gallons used per month	\$5.25 per 1,000 gallons
Next	7,000 gallons used per month	\$5.00 per 1,000 gallons
All Over	10,000 gallons used per month	\$4.75 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$15.75 per month based on meter size:

5/8 inch meter or 3/4-inch meter	\$ 15.75 per month
1-inch meter	\$ 39.38 per month
1 1/2-inch meter	\$ 78.75 per month
2-inch meter	\$ 126.00 per month
4-inch meter	\$ 236.25 per month
6-inch meter	\$ 393.75 per month
8-inch meter	\$ 787.50 per month

RECONNECTION - \$15.00

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

TAP FEE

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

A tap fee of \$200.00 will be charged to a customer 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 \$200.00 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.

SCHEDULE 2

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for private fire protection.

RATES

The monthly rate for private fire protection will be \$31.40 per hydrant to sprinkler connection.

FIRE SERVICE TAP FEE

The tap for connection of private fire hydrants or sprinkler connections shall be the actual cost of making said connection.

RECONNECTION CHARGE AND DELAYED PAYMENT PENALTY

The connection service charge and delayed payment penalty set forth in Schedule 1 is applicable to Schedule 2.

SCHEDULE 3

APPLICABILITY

Applicable in entire territory served.

SURCHARGES

Security Cost Surcharge

Sewer Repayment Surcharge - \$0.089 per 1,000 gallons sold from the effective date of this tariff will be charged in order to eliminate the accounts payable owed to the sewer operations. This surcharge will be eliminated once the accounts payable reaches a zero balance.

Bond Reserve Repayment Surcharge - \$0.064 per 1,000 gallons sold from the effective date of this tariff will be charged in order to eliminate the deficiency in the water bond reserve. This surcharge will be eliminated once the deficiency reaches a zero balance.

Excess Pension Cost Surcharge - \$0.081 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharges will be reviewed and eliminated when determined appropriate by the Public Service Commission.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
CASE NO. 05-0660-PWD-CN  
POST-CONSTRUCTION APPROVED RATES

SCHEDULE 1

APPLICABILITY

Applicable in entire territory served except the Kanawha Orchard Industrial customers.

AVAILABILITY

Available for general domestic, commercial South Putnam industrial and resale service.

RATES

First	2,000 gallons used per month	- Minimum Rate
		According to Meter Size
Next	23,000 gallons used per month	\$4.15 per 1,000 gallons
Next	975,000 gallons used per month	\$3.81 per 1,000 gallons
Next	1,000,000 gallons used per month	\$2.62 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$15.72 per month which is equivalent of 2,000 gallons of water:

5/8 inch meter or 3/4-inch meter	\$ 15.72 per month
1-inch meter	\$ 39.30 per month
1 1/4-inch meter	\$ 57.38 per month
1 1/2-inch meter	\$ 78.60 per month
2-inch meter	\$ 125.76 per month
3-inch meter	\$ 235.80 per month
4-inch meter	\$ 393.00 per month
6-inch meter	\$ 786.00 per month
8-inch meter	\$1,257.60 per month

TAP FEE

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

A tap fee of \$100.00 will be charged to a customer applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION SERVICE CHARGE - \$25.00

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

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 penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK CHARGE FOR INSUFFICIENT FUNDS

A service charge equal to the actual bank fee assessed to the District or a maximum of \$15.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

LEAK ADJUSTMENT

\$0.36 per 1,000 gallons is to be used when the bill reflects unusual consumption, which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SCHEDULE 1-A

APPLICABILITY

Applicable in territory formerly served by Kanawha Orchard Public Service District for industrial customers only.

AVAILABILITY

Available for industrial water service.

RATES

First	3,000 gallons used per month	\$6.08 per 1,000 gallons
Next	7,000 gallons used per month	\$5.79 per 1,000 gallons
All Over	10,000 gallons used per month	\$5.50 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$18.24 per month based on meter size:

5/8 inch meter or 3/4-inch meter	\$ 18.24 per month
1-inch meter	\$ 45.60 per month
1 1/2-inch meter	\$ 91.20 per month
2-inch meter	\$ 145.92 per month
4-inch meter	\$ 456.00 per month
6-inch meter	\$ 912.00 per month
8-inch meter	\$1,459.20 per month

RECONNECTION - \$25.00

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

TAP FEE

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

A tap fee of \$100.00 will be charged to a customer applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

SCHEDULE 2

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for private fire protection.

RATES

The monthly rate for private fire protection will be \$35.64 per hydrant to sprinkler connection.

FIRE SERVICE TAP FEE

The tap for connection of private fire hydrants or sprinkler connections shall be the actual cost of making said connection.

RECONNECTION CHARGE AND DELAYED PAYMENT PENALTY

The connection service charge and delayed payment penalty set forth in Schedule 1 is applicable to Schedule 2.

SCHEDULE 3

APPLICABILITY

Applicable in entire territory served.

SURCHARGES

Security Cost Surcharge

Sewer Repayment Surcharge - \$0.089 per 1,000 gallons sold from the effective date of this tariff will be charged in order to eliminate the accounts payable owed to the sewer operations. This surcharge will be eliminated once the accounts payable reaches a zero balance.

Bond Reserve Repayment Surcharge - \$0.064 per 1,000 gallons sold from the effective date of this tariff will be charged in order to eliminate the deficiency in the water bond reserve. This surcharge will be eliminated once the deficiency reaches a zero balance.

Excess Pension Cost Surcharge - \$0.081 per 1,000 gallons sold from the effective date of this tariff will be charged in order to escrow money for purchase of retirement time from the state retirement system, PERS, for eligible employees. This surcharges will be reviewed and eliminated when determined appropriate by the Public Service Commission.

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Issued: December 28, 2005

CASE NO. 05-0660-PWD-CN

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity for the construction, operations and maintenance of a water system improvement project throughout its service area in Putnam County, West Virginia, and for approval of financing related thereto.

CORRECTIVE ORDER

By Recommended Decision entered December 21, 2005, the Administrative Law Judge (ALJ) assigned to this case, Deborah Yost VanDervort, approved the application of South Putnam Public Service District for a certificate of convenience and necessity for the construction, operation and maintenance of a water system improvement project throughout its service area in Putnam County, West Virginia. The ALJ also approved the financing for the project and the Joint Stipulation executed by the parties, which contained the stipulated pre-construction and post-construction rates, which the ALJ also approved.

On December 27, 2005, the District submitted a letter from its attorney representing that the attachment to the Joint Stipulation and elsewhere in Staff's recommendation contained a typographical error regarding the pre-construction rates approved by the December 21, 2005 Recommended Decision.<sup>1</sup> As approved in the Recommended Decision, the Minimum Charge provision states:

"No bill will be rendered for less than \$16.80 per month which is the equivalent of 2,000 gallons of water."

After discussing the December 27, 2005 letter from the District's attorney with Staff Attorney Ronald Robertson, who conferred with Technical Staff, the undersigned ALJ, in the absence of Judge VanDervort, has determined that the actual amount of the pre-construction minimum bill should be \$13.58 per month.

<sup>1</sup> See, Appendix A, Sheet 1 of 3 of the Recommended Decision.

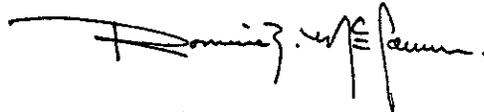
ORDER

IT IS, THEREFORE, ORDERED that the Minimum Charge provision stated on Appendix A, Sheet 1 of 3 - Pre-construction Approved Rates, in the Recommended Decision of December 21, 2005, be, and hereby is, corrected to read:

"No bill will be rendered for less than \$13.58 per month which is the equivalent of 2,000 gallons of water."

In all other respects, the Recommended Decision of December 21, 2005, shall remain in full force and effect.

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



Ronnie Z. McCann  
Deputy Chief Administrative Law Judge

RZM:s  
050660ad.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 2nd day of March, 2006.

CASE NO. 05-0660-PWD-CN (Reopened)

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

Application for a certificate of convenience and necessity for the construction, operations and maintenance of a water system improvement project throughout its service area in Putnam County, West Virginia, and for approval of financing related thereto.

**COMMISSION CORRECTIVE ORDER**

On December 21, 2005, a Recommended Decision was entered in this matter to approve the application of South Putnam Public Service District (District) for a certificate of convenience and necessity for the construction, operation and maintenance of a water system improvement project; to approve project financing; and to approve the Joint Stipulation executed by the parties, which contained the stipulated pre-construction and post-construction rates.

On December 28, 2005, a Corrective Order was entered correcting the Pre-Construction minimum charge. In all other respects, the Recommended Decision remained in full force and effect.

The Recommended Decision became a final Commission order on January 10, 2006.

On January 31, 2006, the District filed a petition to reopen in order to correct a typographical error in the approved Pre-Construction rates. The District indicated that the rate for "Next 975,000 gallons used per month" should be \$3.293 per 1,000 gallons. The Recommended Decision contained the incorrect rate of \$3.273 per 1,000 gallons.

On February 22, 2006, Staff filed an Initial and Final Joint Staff Memorandum. Staff recommended that the Commission issue an order that corrects the "Rates" section of the Pre-Construction tariff so that the third block reads:

Next 975,000 gallons used per month    \$3.293 per 1,000 gallons

**ORDER**

IT IS, THEREFORE, ORDERED that the December 21, 2005, Recommended Decision, as corrected on December 28, 2005, and final on January 10, 2006, is hereby corrected so that the third block of the "Rates" section of the Pre-Construction tariff reads:

Next 975,000 gallons used per month    \$3.293 per 1,000 gallons

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

IT IS FURTHER ORDERED that upon entry of this order, this case shall be removed from the Commission's docket of active cases.

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

A True Copy, Teste:



Sandra Squire  
Executive Secretary

JMH/las  
050660ca.wpd



**LOAN RESOLUTION**  
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE South Putnam Public Service DistrictAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
**Water Improvements Project**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the South Putnam 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

**EIGHT MILLION ONE HUNDRED NINETY THOUSAND AND XX / 100 DOLLARS (\$8,190,000.00)**pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code ; and

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

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

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

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that 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.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

South Putnam Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 18th day of October, 2005

South Putnam Public Service District

(SEAL)

By Jerry Kelley  
Jerry Kelley

Title Chairman

Attest: K. Rene Carter

Title Secretary

**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as Secretary of the South Putnam Public Service District

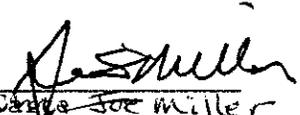
hereby certify that the Board of Directors of such Association is composed of

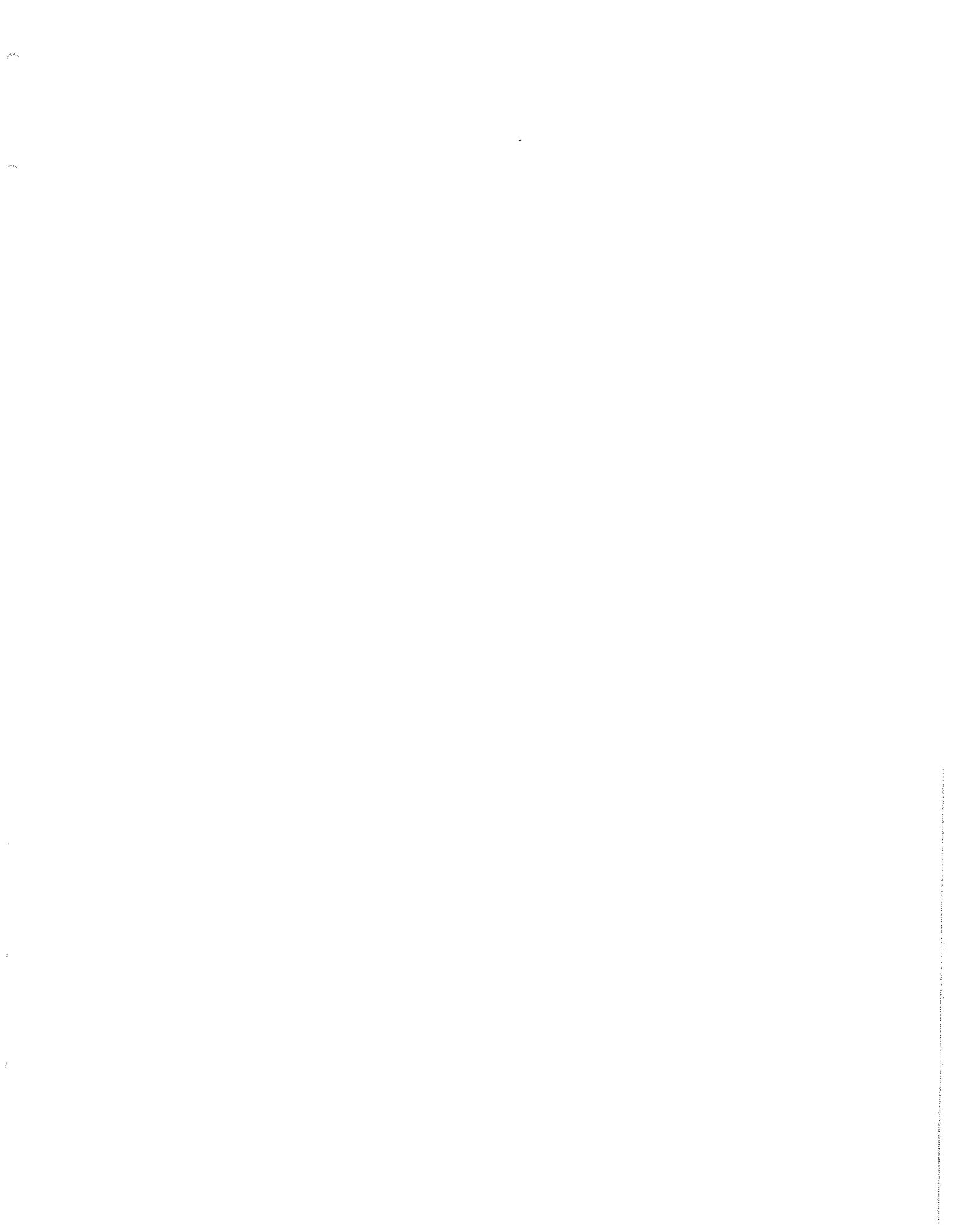
3 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and

held on the 18th day of October, 2005; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of May 12, 2006, 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 12th day of May, 2006

  
\_\_\_\_\_  
Joe Miller  
Title Secretary



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

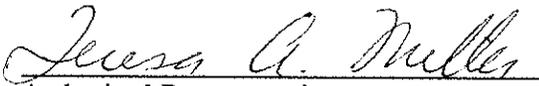
Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

RECEIPT FOR BONDS

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

1. On the 12th day of May, 2006, at Scott Depot, West Virginia, the undersigned received for the Purchaser the single, fully registered South Putnam Public Service District Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$8,190,000 (the "Series 2006 A Bonds"), dated the date hereof, bearing interest at the rate of 4.125% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.
2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Public Service Board of South Putnam Public Service District (the "Issuer").
3. At the time of such receipt, there was paid to the Issuer the sum of \$895,391.08, being a portion of the principal amount of the Series 2006 A Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 12th day of May, 2006.

  
Authorized Representative

04/18/06  
847280.00007



UNITED STATES OF AMERICA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$8,190,000

No. AR-1

Date: May 12, 2006

FOR VALUE RECEIVED, SOUTH PUTNAM PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of EIGHT MILLION ONE HUNDRED NINETY THOUSAND DOLLARS (\$8,190,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$35,627, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments

last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower,

as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted April 25, 2006, authorizing issuance of this Bond (the "Resolution").

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

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

**THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:**

(1) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000;

(2) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 16, 1999, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000; AND

(3) WATERWORKS SYSTEM REVENUE NOTES, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000.

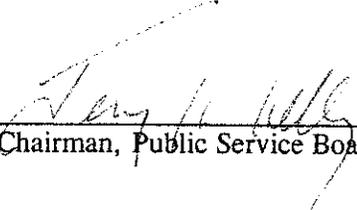
In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, SOUTH PUTNAM 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.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

  
Chairman, Public Service Board

ATTEST:

  
Secretary, Public Service Board

SPECIMEN

SPECIMEN

(Form of)

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ 895,391.08	May 12, 2006	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
TOTAL		\$	<u>                    </u>

(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:

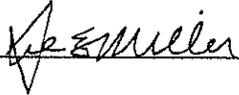
04/25/06  
847280.00007



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2006 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

REGISTRATION BOOKS

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

Note No.	Date of Registration	In Whose Name Registered	Signature of Recorder of Registrar
AR-1	May 12 , 2006	United States of America	

4.19.06  
847280.00007



May 10, 2006

South Putnam Public Service District  
Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its \$8,190,000 Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted April 25, 2006 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is a duly created and validly existing public service district and public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$6,440,000 (the "Series 1999 A Bonds"), (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$5,425,000 (the "Series 1999 B Bonds"), and (iii) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, and issued in the original aggregate principal amount of \$250,000.

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

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

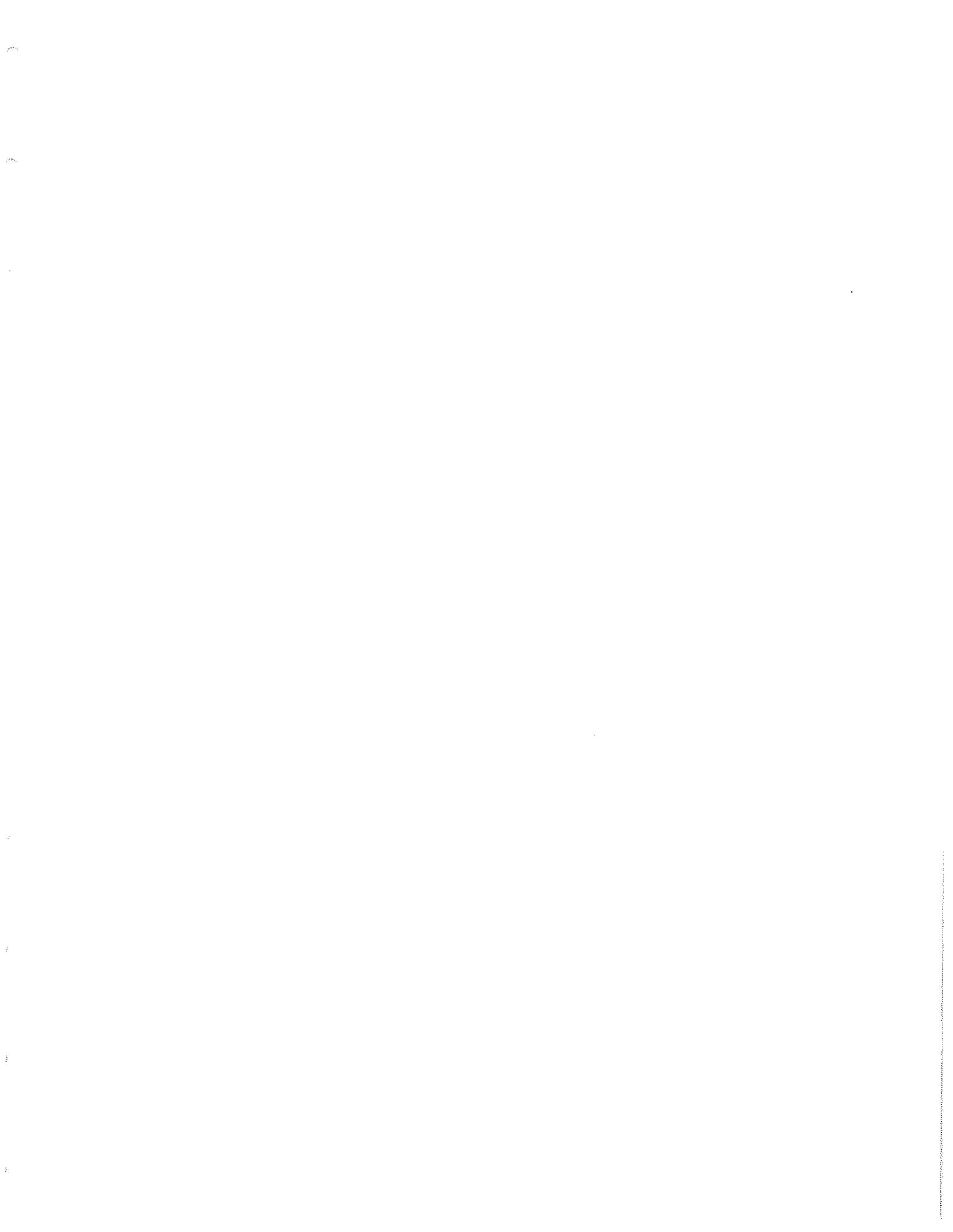
6. The Issuer's Waterworks System Bond Anticipation Notes, Series 2004 B (the "Series 2004 B Notes") have been paid within the meaning and with the effect expressed in the 2004 Resolution, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 2004 B Notes have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of the West Virginia Municipal Bond Commission relating to the payment of the Series 2004 B Notes.

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

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

Very truly yours,

  
STEPTOE & JOHNSON PLLC



**RALPH W. BASSETT, JR.**  
ATTORNEY AT LAW

1156 South Main Street  
Milton, West Virginia 25541  
Telephone: (304) 743-5573  
Fax: (304) 743-1150 Toll Free: 1-800-720-9629  
e-mail: [ralphwb@charterinternet.com](mailto:ralphwb@charterinternet.com)

May 12, 2006

South Putnam Public Service District  
Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Ladies and Gentlemen:

I am counsel to South Putnam Public Service District, a public service district in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted April 25, 2006 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Putnam County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

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

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Putnam County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

6. Except as provided below, to the best of my knowledge, after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds or the Resolution, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Net Revenues therefor. The Issuer has been sued by a construction contractor (the "Plaintiff") which submitted bids on two of the construction contracts for the Project. The Plaintiff's bids were rejected due to the Plaintiff's failure to have a valid West Virginia contractor's license at the time of the bid opening. The Plaintiff alleges that the bid specifications allowed for the Plaintiff to obtain a West Virginia Contractor's license after being awarded the bid. The Issuer's management believes that the result of any reasonable verdict rendered by a court, or settlement between the parties, in such civil action would not impair the ability of the Issuer to satisfy its financial obligations under the Resolution.

Sincerely yours,



Ralph W. Bassett, Jr.

RWB:pbs



LAW OFFICES  
ROBERT R. RODECKER  
BB&T SQUARE  
300 SUMMERS STREET, SUITE 1230  
POST OFFICE BOX 3713

CHARLESTON, WEST VIRGINIA 25337

May 12, 2006

AREA CODE 304  
343-1654  
FACSIMILE  
343-1657

ROBERT R. RODECKER  
rodecker@wvdsi.net

JAMES V. KELSH  
OF COUNSEL  
kelshlaw@yahoo.com

South Putnam Public Service District  
Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Ladies and Gentlemen:

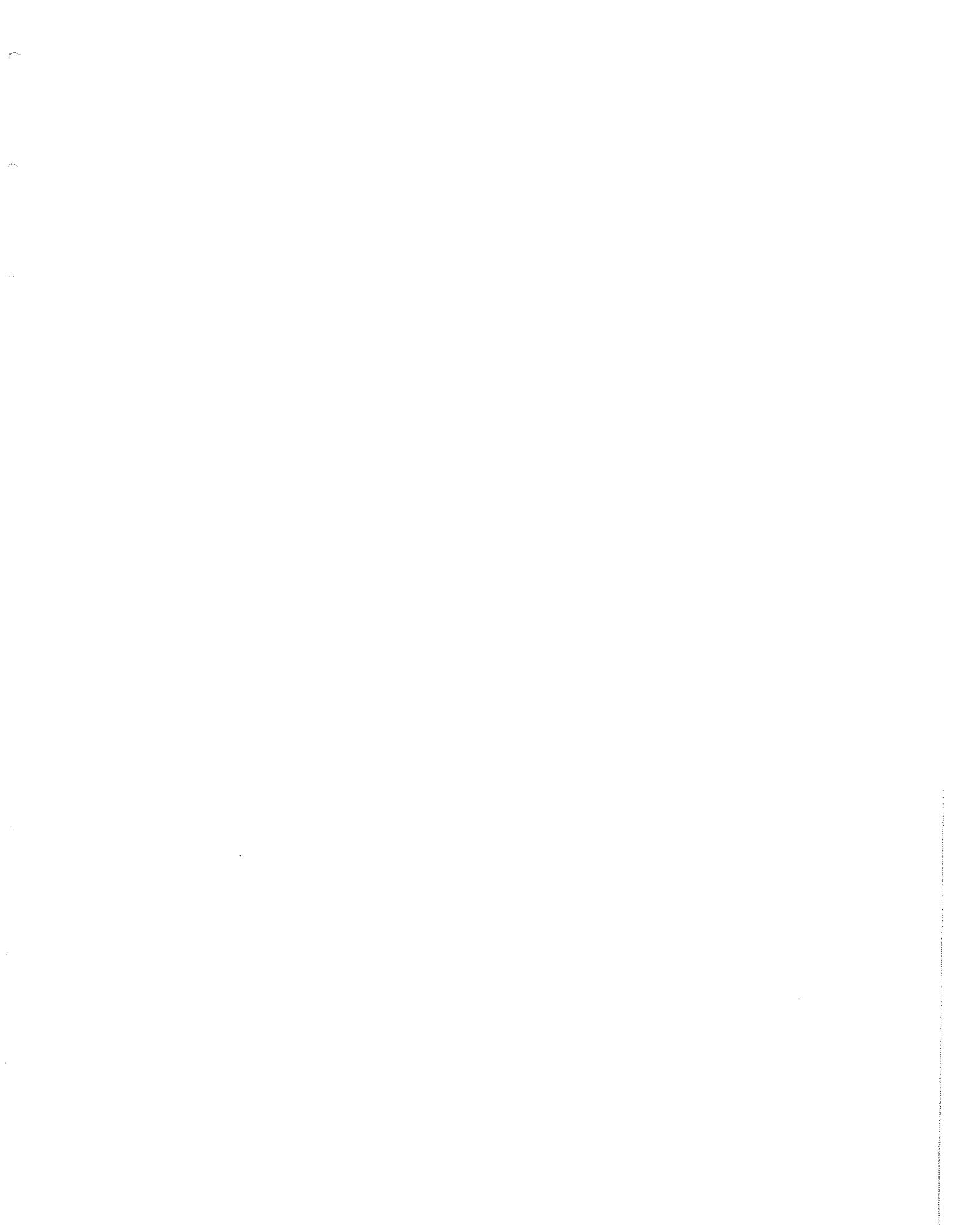
I am special counsel to the South Putnam Public Service District (the "Issuer"), in connection with certain matters before the Public Service Commission of West Virginia (the "PSC"). As such counsel, I am of the opinion that:

The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Final Order and the Commission Order of the Public Service Commission of West Virginia entered on January 10, 2006, and March 2, 2006, in Case No. 05-0660-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 said Final Order and Commission Order has expired prior to the date hereof. Such Orders remain in full force and effect.

Sincerely,



Robert R. Rodecker



**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)**

**COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:**

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of South Putnam Public Service District in Putnam, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the South Putnam Public Service District Water Revenue Bonds, Series 2006 A (United States Department of Agriculture) (the "Series 2006 A Bonds"), No. AR-1, fully registered, in the principal amount of \$8,190,000, dated the date hereof and bearing interest at the rate of 4.125% per annum (the "Series 2006 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2006 A Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated June 7, 2005, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted April 25, 2006, authorizing issuance of the Series 2006 A Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning

as defined in the Resolution when used herein. The Series 2006 A Bonds are being issued on this date to finance the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2006 A Bonds or receipt of any grant monies committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2006 A Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Series 2006 A Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2006 A Bonds; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2006 A Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **PUBLIC SERVICE COMMISSION:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on January 1, 2006, and the Commission Order entered on March 2, 2006, in Case No. 05-0660-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges of the System. The time for appeal of said Final Order and Commission Order has expired prior to the date hereof. All Orders remain in full force and effect. Counsel to the Issuer makes no representation as to this paragraph.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1999 A (West Virginia Water Development

Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$6,440,000, (ii) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), dated June 16, 1999, and issued in the original aggregate principal amount of \$5,425,000 and (iii) Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), dated June 18, 2004, and issued in the original aggregate principal amount of \$250,000 (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by Net Revenues of the System.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

6. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Series 2006 A Bonds on the date hereof, officially execute and seal the Series 2006 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2006 A Bonds for the Issuer.

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

Bond Resolution

Supplemental Resolution

Prior Bond Resolutions

Consent of WDA to Issuance of Parity Bonds

Public Service Commission Orders

United States Department of Agriculture Loan Resolution

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

United States Department of Agriculture Letter of Conditions and Closing Instructions

Receipt for Payment of Series 2004 B Notes

8. **INCUMBENCY AND OFFICIAL NAME, ETC.:** The proper corporate title of the Issuer is "South Putnam Public Service District" and its principal office and place of business are in South Putnam, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Calvin L. Hatfield	August 21, 2003	August 31, 2009
Jerry K. Kelley	August 28, 2001	August 28, 2007
Joe E. Miller	August 31, 2005	August 31, 2011

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2006 are as follows:

Chairman	-	Jerry K. Kelley
Secretary	-	Joe E. Miller
Treasurer	-	Calvin L. Hatfield

The duly appointed and acting Attorney for the Issuer is Ralph Bassett, Esquire, Milton, West Virginia. The duly appointed and acting special PSC counsel to the Issuer is Robert R. Rodecker, Esquire, Charleston, West Virginia.

9. **DELIVERY AND PAYMENT AND USE OF PROCEEDS:** On the date hereof, the Series 2006 A Bonds were delivered to the Purchaser at Sophia, West Virginia,

by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Series 2006 A Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Series 2006 A Bonds, the amount of \$895,391.08 was received by the undersigned Chairman, being a portion of the principal amount of Series 2006 A Bonds. Further advances of the balance of the principal amount of the Series 2006 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Series 2006 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.125% per annum is payable from the date of each such advance.

The Series 2006 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

10. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2006 A Bonds.

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

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

13. CONNECTIONS, ETC.: The Issuer will serve at least 7920 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2006 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

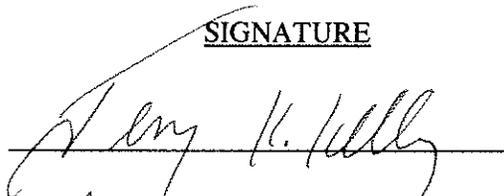
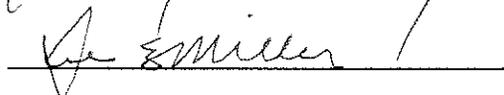
16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Series 2006 A Bonds.

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

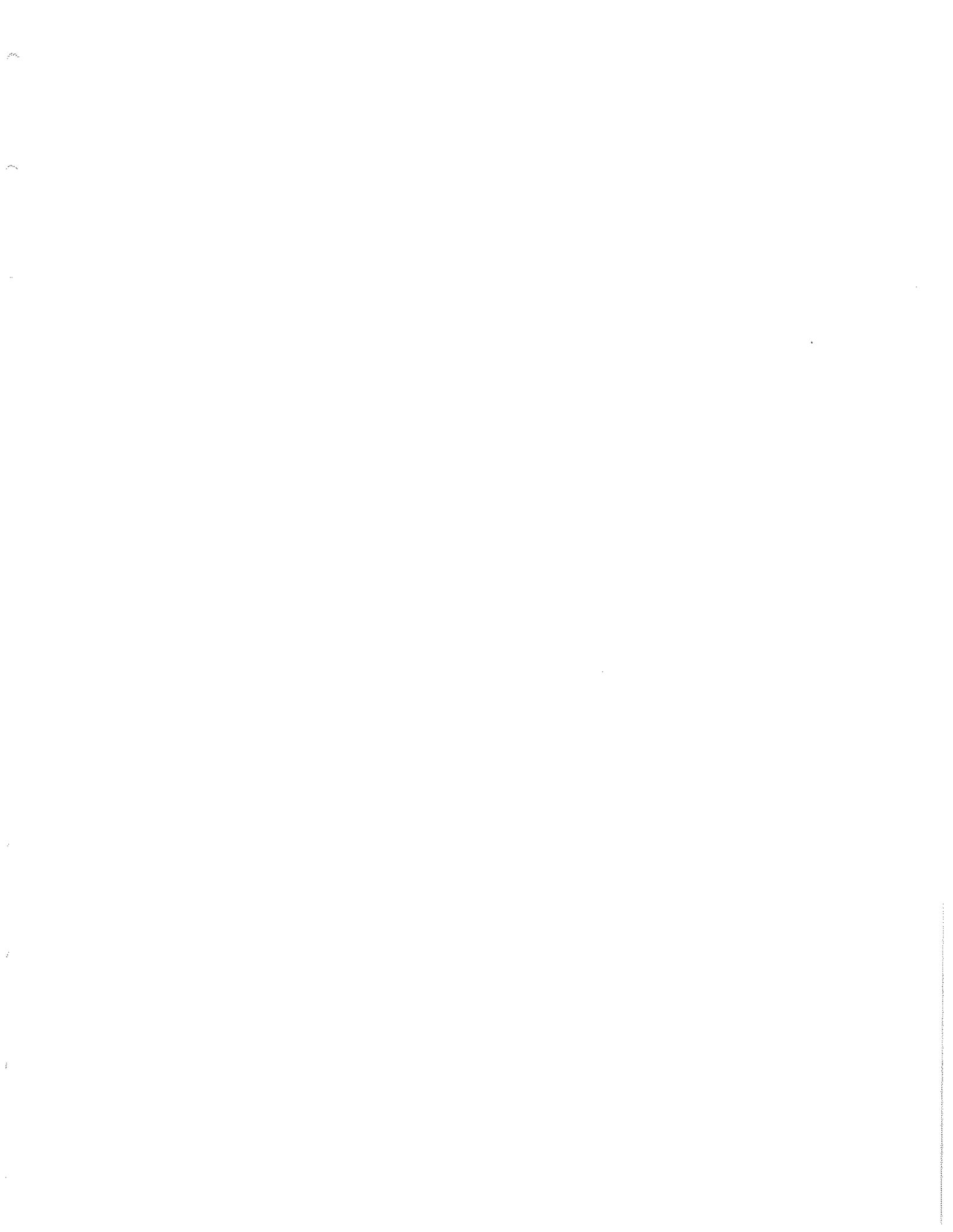
[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official seal of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on this 12th day of May, 2006.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
 _____	Chairman
 _____	Secretary
 _____	Attorney for Issuer (Except Paragraph No. 4)

04/18/06  
847280.00007



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Ronald C. McMaine, Registered Professional Engineer, West Virginia License No. 12321, of Howard K. Bell Consulting Engineers, Inc., Scott Depot, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of South Putnam Public Service District (the "Issuer"), to be acquired and constructed in Putnam County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

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

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

WITNESS my signature on this 12th day of May, 2006.

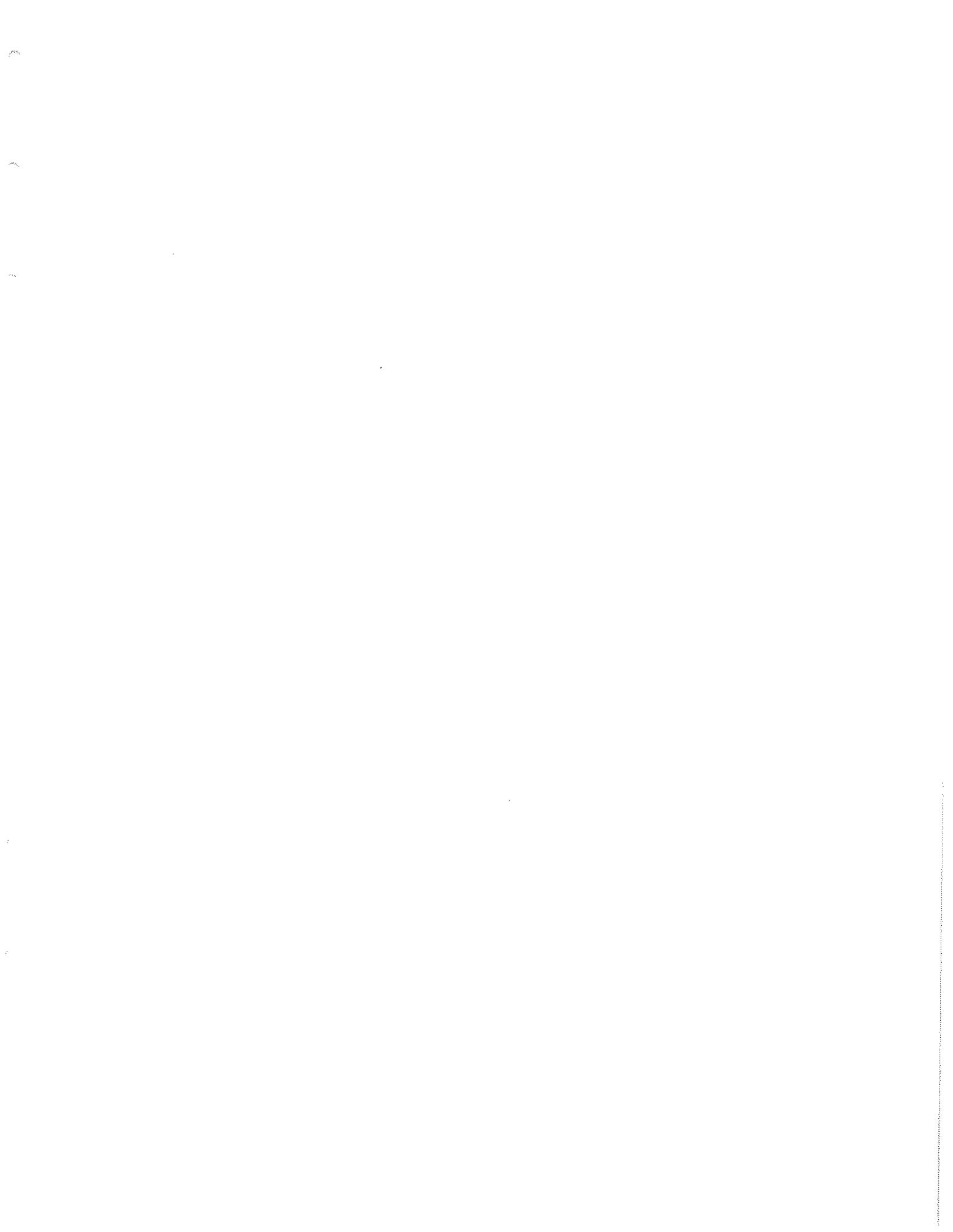


HOWARD K. BELL CONSULTING  
ENGINEERS, INC.

*Ronald C. McMaine*

Ronald C. McMaine, P.E.  
West Virginia License No. 12321

04.18.06  
847280.00007



**BASSETT & LOWE**  
CERTIFIED PUBLIC ACCOUNTANTS

---

1156 South Main Street  
Milton, West Virginia 25541  
Telephone: (304) 743-5573  
Fax: (304) 743-1150 Toll Free: 1-800-720-9629  
e-mail: [ralphwb@charterinternet.com](mailto:ralphwb@charterinternet.com) (Ralph W. Bassett, Jr.)  
e-mail: [rodlowe@charterinternet.com](mailto:rodlowe@charterinternet.com) (Rodman G. Lowe)

May 12, 2006

South Putnam Public Service District  
Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

South Putnam Public Service District  
Scott Depot, West Virginia

West Virginia Water Development  
Authority  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order and Commission Order of the Public Service Commission of West Virginia, entered on January 10, 2006 and March 2, 2006, Case No. 05-0660-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Howard K. Bell Consulting Engineers, Inc., it is my opinion that such rates and charges will (i) always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Water Revenue Bonds, Series 2006 A (United States Department of Agriculture) (the "Series 2006 A Bonds") and the Prior Bonds, as herein after defined, and sufficient to make the payments required into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and (ii) be sufficient to provide revenues to pay all operating expenses 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 the Series 2006 A Bonds, to be issued in the aggregate principal amount of \$8,190,000 on the date hereof, and all other obligations secured by or payable from the revenues of the System on a parity with the Bonds, including the Issuer's Waterworks System Revenue Notes, Series 2004 A (West Virginia Water Development Authority), Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) (collectively, the "Prior Bonds").

RE: South Putnam Public Service District  
May 12, 2006  
Page 2

It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Sincerely yours,

A handwritten signature in cursive script that reads "Ralph W. Bassett, Jr." with a large, stylized flourish at the end.

Ralph W. Bassett, Jr.  
Certified Public Accountant

RWB:pbs



A resolution and order fixing a date of hearing on the creation of a proposed public service district within Putnam County, West Virginia; and providing for the publication of a notice of such hearing.

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Putnam County, West Virginia, a petition to this County Court, for the creation of a public service district within Putnam County, West Virginia; and

WHEREAS, said County Court Clerk has presented such petition to this County Court at this meeting; and

WHEREAS, Pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Putnam County, West Virginia, as follows:

Section 1. That the County Court of Putnam County, West Virginia hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Putnam County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and which petition has been signed by at least one hundred legal voters resident within and owning real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

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

(a). The name and corporate title of said Public service district shall be "Teays Valley Public Service District".

(b). The territory to be embraced in said Public Service District shall be as follows:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $33^{\circ} 26' 10''$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 03''$ , thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. E. Milan, Inc. 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

---

(c). The purpose of said Public service district shall be to construct, or acquire by purchase or otherwise and maintain, operate, improve and extend properties supplying water and/or sewage services within such territory 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 September 1, 1959, at the hour of 10:00 o'clock A.M., this County Court shall meet in the County Court House at Winfield, West Virginia for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on Aug. 7 and 14th, 1959, in the Hurricane Breeze and Putnam, a newspaper of general circulation published in Putnam County.

NOTICE OF PUBLIC HEARING  
ON CREATION OF TEAYS VALLEY  
PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and/or sewerage services within said district and also outside said district to the extent permitted by law; to be named "Teays Valley Public Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $36^{\circ} 26' 10''$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 06''$ , thence North 0.63 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of





A RESOLUTION AND ORDER creating  
Teays Valley Public Service District  
in Putnam County, West Virginia

WHEREAS, the County Court of Putnam County, West Virginia, did heretofore by a resolution and order adopted September 1, 1958 fix a date for a public hearing on the creation of the proposed Teays Valley 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 Putnam County, West Virginia as follows:

Section 1. That a public service district within Putnam County West Virginia, is hereby created, and said district shall have the following boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N.  $38^{\circ} 26'$  and longitude W.  $81^{\circ} 51' 24''$ , thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N.  $38^{\circ} 26' 23''$  and a longitude of W.  $81^{\circ} 59' 08''$ , thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south  $30^{\circ} 00'$  W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Milan, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

Section 2. That said Public service district so created shall have the name and corporate title of "Teays Valley 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 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Putnam County, West Virginia has determined that the territory within Putnam County, West Virginia having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying sewerage and/or water services within such territory by a public service district will be conducive to the preservation of public health and comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT September 1, 1959.

C. A. Miller  
President

Attest;

A. M. Brown  
Clerk

STATE OF WEST VIRGINIA

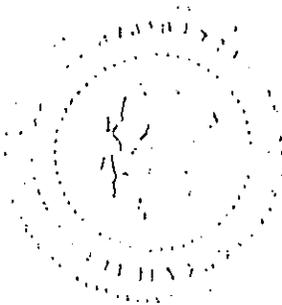
COUNTY OF PUTNAM, SS:

I, J. M. LAKE, Clerk of the County Commission of Putnam County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the instrument as same appears of record in my office in

Court Order Book Number 19 Page 63.

Given under my hand and seal of said Commission this the

22nd day of May, 1978



J. M. Lake Clerk  
Putnam County Commission  
Winfield, West Virginia

Kay Hart  
BY DEPUTY CLERK

Winfield, West Virginia

August 4, 1959

The County Court of Putnam County, West Virginia, met in regular session pursuant to law and to the rules of said court at the County Court House, Winfield, West Virginia, at 10:00 o'clock A.M. The meeting was called to order and the roll being called there were present Carl B. Miller, President, presiding, and the following named commissioners.

Absent: None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Teays Valley Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on AUGUST 4, 1959, the president announced that all persons residing in or owning or having any 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 desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Homer West introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Teays Valley  
Public Service District, Putnam 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. Harold D. Brown seconded the motion and  
after due consideration the President put the question on the motion  
and the roll being called, the following voted:

Aye: All three

Nay:

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

Homer West 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 Teays Valley 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, A. C. Neal & H.D. BROWN seconded the motion and  
after due consideration the President put the question on the motion  
and the roll being called, the following voted.

Aye: all three

Nay:



A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES OF THE TEAYS VALLEY PUBLIC SERVICE DISTRICT HEREINAFTER TO BE KNOWN AS THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT WITHIN PUTNAM COUNTY, WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 27th of January, 1981, fixed a date for a public hearing on the expansion of the Teays Valley Public Service District, hereafter to be known as the South Putnam 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 Commission at this meeting, and have an opportunity to be heard for and against the creation of the said public service district; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 13A, 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 the said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded public service district area or the existing boundaries of the Teays Valley Public Service District, and said County Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding and establishing the said district;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, West Virginia as follows:

Section 1: That the physical, geographical, territorial limits of the Teays Valley Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area currently known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the service in jurisdiction of the South Putnam Public District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U.S. Route 60, thence, N. 32° 13' W. 305.0 feet, N. 00° 50' W. 176.07 feet, thence, N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,728.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence, S. 6° 20' E. 265.9 feet, thence, S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U.S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 39° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence, S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.3 feet, thence, S. 58° 42' W. 437.75 feet, thence, S. 68° 34' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.3 feet, thence, S. 87° 41' E. 1,309.3 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence, N. 6° 15' E. 848.7 feet, thence, N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 105.4 feet, thence, S. 45° 25' E. 171.3 feet, thence, S. 42° 05' E. 128.0 feet, thence, S. 31° 40' E. 379.9 feet, thence, S. 46° 25' E. 263 feet, thence, S. 30° 15' E. 115.0 feet, thence, S. 21° 45' E. 340.5 feet, thence, S. 40° 15' E. 218.0 feet, thence, N. 35° 40' E. 119.3 feet, thence, N. 20° 01' W. 798.0 feet, thence, N. 56° 00' E. 77.33 feet, thence, N. 50° 05' E. 794.47 feet, thence, N. 56° 00' E. 423.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 33° 11' W. 577.0 feet, thence, N. 38° 17' W. 739.68 feet, thence, crossing U.S. Route 60, N. 13° 16' E. 990.0 feet, thence, along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 38° 55' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N 26° 40' E 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence, N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17 S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E. 0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 50' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 39° 40' 0.65 miles to a point having a latitude of N. 38° 28' 29" and longitude of W. 81° 50' thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75

miles, thence, with northerly right-of-way line of Interstate 64 1.10 miles more or less to place of beginning containing 3.70 square miles.

- (3) Putnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge in a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 181.5 feet, to a white oak stump in a low gap, thence, N. 87° 30' W. 940.5 feet to a stake, thence, S. 63° 10' W. 495 feet to a stone by some hickories, thence, N. 87° 30' W. 792 feet, to a stone, corner to a tract of land owned by Charles C. Payne, thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,812.5 feet, to an iron pipe, thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land, thence, with the line of the Radford land, S. 64° 30' E. 3,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U.S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife, thence, with the southwestarily line of the said Radford land, S. 36° 00' E. 1,800 feet to an iron pipe, thence, S. 64° 30' E. 455 feet to an iron pipe, thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne, thence with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe, thence, N. 36° 30' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road, thence, with the right-of-way line of the said road, N. 51° 48' E. 29.5 feet to an iron pipe, thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U.S. Route 35, thence, running with U.S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 10.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U.S. Route 35, thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River, thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe, thence, running S. 36° 00' E. 217 feet, thence, running S. 54° 00' W. 208.5 feet to the place of beginning, containing 1 acre.

- (4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line, thence, leaving the said right-of-way

line and running with the division line between Morris and Raynes & Morris and Rosa, N. 3° 00' 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked bench, thence, leaving Rose and running up the Kanawha River with pool stage, S. 81° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2, thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17, thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

(5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having latitude N. 38° 26' 30" and longitude W. 81° 59' 04", thence, S. 66° 15' W. for 0.30 miles parallel with West Virginia Route 34, to a point having latitude N. 38° 26' 24" and longitude W. 81° 59' 23", thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having latitude N. 38° 26' 31" and longitude W. 81° 59' 29", thence, N. 45° 59' W. for 0.1 miles to a point on the south right-of-way of Old County Route 34/22 having latitude N. 38° 26' 34" and longitude W. 81° 59' 34", thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point on the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36", thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having latitude N. 38° 27' 05" and longitude W. 81° 59' 51", thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22", thence, in a southerly direction for 0.32 miles with the Sunnybrook Escapes-Springdale Escapes Subdivision boundary line to a point having latitude N. 38° 26' 54" and longitude W. 81° 59' 15", thence, N. 32° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District boundary line, having latitude N. 38° 26' 53" and longitude W. 81° 59' 04", thence, S. for 0.43 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

(6) Culloden Sanitary Sewer and Water Service are to be excluded from the Teays Valley Public Service District proposed expansion area, more particularly defined as follows: Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line, thence, with the following

bearings and distances, based on the before named Plane Coordinate System, 1° 05' 28" W, 2,625.48 feet, thence, N 63° 52' 08" E, 1,475.85 feet, thence, S 33° 23' 19" E, 1,317.43 feet, thence, S 42° 35' 59" W, 2,954.76 feet, to the true point of beginning.

Cullogen Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line, thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with the said westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System; S 53° 07' 48" W, 125.00 feet, thence, S 38° 39' 35" E, 1,120.53 feet, thence, N 66° 48' 05" E, 761.58 feet, thence, S 70° 33' 36" E, 1,640.00 feet, thence, S 61° 54' 24" W, 1,707.71 feet, thence, S 78° 38' 01" E, 3,503.00 feet, thence, N 03° 55' 33" W, 4,100 feet, to the true point of beginning.

(7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates N521750, E1700000, thence, with the following bearings and distances based on the before named Plane Coordinate System: N 63° 47' 00" E, 7,356.80 feet, thence, N 47° 01' 17" W, 1,503.34 feet, thence, N 31° 05' 50" E, 1,839.33 feet, thence, S 70° 01' 01" E, 1,463.09 feet, thence, S 07° 18' 21" E, 982.98 feet, thence, S 25° 38' 28" E, 693.27 feet, thence, N 53° 44' 46" E, 1,860.11 feet; thence, N 58° 32' 09" E, 3,927.47 feet, thence, S 29° 41' 27" E, 3,250.72 feet, thence, N 54° 46' 57" E, 1,560.63 feet, thence, S 16° 41' 57" E, 1,044.03 feet, thence, S 70° 07' 59" W, 6,326.53 feet, thence, S 04° 23' 55" W, 1,303.84 feet, thence, S 58° 23' 33" W, 3,052.87 feet, thence, S 07° 41' 46" E, 1,866.82 feet, thence, S 33° 06' 41" W, 1,372.95 feet, thence, N 52° 18' 21" W, 1,390.14 feet, thence, S 86° 11' 09" W, 2,254.99 feet, thence, S 09° 03' 28" E, 3,493.57 feet, thence, S 46° 32' 53" W, 654.31 feet, thence, N 75° 22' 45" W, 1,782.73 feet, thence, S 73° 18' 03" W, 522.02 feet, thence, N 50° 54' 22" W, 1,030.78 feet, thence, N 45° 00' 00" E, 353.55 feet, thence, N 17° 31' 32" W, 498.12 feet, thence, N 40° 56' 26" W, 2,746.93 feet, thence, N 02° 20' 14" E, 1,226.02 feet, thence, N 42° 22' 25" E, 1,928.89 feet, thence, N 29° 03' 17" W, 1,029.56 feet to the true point of beginning.

(8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N522825, E1701990, and being approximately situated on the southerly right-of-way line of Interstate Route 64; thence, with the following bearings and distances based on the before named Plane Coordinate System; N 63° 56' 44" E, 5,521.07 feet, thence, N 74° 55' 53" E,

1,346.29 feet, thence, S 29° 44' 42" E, 67 feet, thence, N 70° 42' 36" E, 529.74 feet, thence, S 33° 41' 24" E, 180.28 feet, thence, N 64° 29' 10" E, 2,437.72 feet, thence, S 28° 18' 03" E, 369.12 feet, thence, S 65° 11' 09" W, 2,561.49 feet, thence, S 24° 56' 39" E, 2,371.18 feet, more or less, to a point in the center of Hurricane Creek, thence, with the center of Hurricane Creek in a southwesterly, upstream, direction 3,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge, thence, leaving the center line of Hurricane Creek with the following bearings and distances based on the before named Plane Coordinate System: S 61° 36' 08" W, 2,796.52 feet, thence, N 53° 03' 16" W, 2,025.14 feet, thence, S 33° 09' 48" W, 603.26 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, N 26° 33' 54" E, 279.51 feet, thence, N 56° 18' 36" W, 901.39 feet, thence, S 33° 41' 24" W, 721.11 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, S 30° 20' 36" W, 1,187.70 feet, thence, S 53° 07' 48" E, 625.00 feet, thence, S 35° 32' 16" W, 430.12 feet, thence, N 54° 41' 20" W, 735.27 feet, thence, N 32° 39' 39" E, 1,158.12 feet, thence, N 51° 20' 25" W, 160.08 feet, thence, N 29° 25' 39" E, 1,119.43 feet, thence, N 31° 56' 41" E, 2,003.40 feet, to the true point of beginning.

(9) Ventroux Water Association, for water service only, more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U.S. Route 35 and the southern edge of Scary Creek: thence, 700 feet in a southerly direction with the Route 35 line to a point, thence, N 84° 15' W, 2,360 feet, leaving the Route 35 line to a point, thence, S 03° 24' W, 1,950 feet to a point, thence, N 87° 18' W, 500 feet to a point, thence, N 01° 36' E, 2,130 feet to a point, thence, N 61° 32' E, 2,130 feet to a point in the southern edge of Scary Creek, thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as follows:

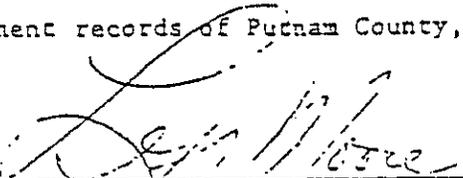
Beginning at the southern most point in the original Town limits, thence, S 36° E, 1,270.50 feet, leaving the Town limits to a point, thence, S 57° E, 4,075.50 feet to a point, thence, S 45-1/2° W, 412.50 feet to a point, thence, S 85-1/2° W, 511.50 feet to a point, thence, N 87° 30' W 478.50 feet to a point, thence, S 33-1/2° E, 2,739.00 feet to a point, thence, S 80-1/2° W, 1,435.50 feet to a point, thence, N 29° W, 39.60 feet to a point, thence, S 81-1/2° W, 1,386.0 feet, crossing Route 29/1 to a point, thence, N 31-1/2° E, 334.60 feet, again crossing Route 29/1 to a point, thence, S 75° W 264 feet to a point, thence, N 68° W 453.80 feet to a point, thence, W 1,386.0 feet, crossing Route 29/1 to a point, thence, N 71° 00" W, 1,250 feet, crossing Route 29/1 to a point, thence, S 51° 58' W 450 feet to a point, thence, S 48° 45' W, 1,455.20 feet, crossing Routes 29/1 and 29, thence, N 67° 15' W, 760.80 feet to a point, thence, N 33° 30' E, 128.70 feet to a point, thence, N 18° 45' E, 184.70 feet to a point, thence, N 29° 15' E, 286.50 feet to a point, thence, N 19° 30' E, 415.70 feet to a point, thence, N 60° 50' W 411.60 feet to a point, thence, N 55° 40' W, 378.60 feet to a point, thence, N 46° W, 436.60 feet to a point in the eastern right-of-way line of Route 34, thence, N 4° E, 2,715 feet crossing Routes 34 and 35 to a point in the southern edge of Kanawha River, thence, N 71° 35' E, 285 feet with the river to a point, thence, N 36° 15' E, 250 feet with the river to a point, thence, N 46° 37' E, 600 feet with the river to a point, thence, N 59° 40' E, 440 feet with the river to a point, thence, N 56-1/2° E, 471 feet with the river to a

point, thence, N 33-1/2° E, 146 feet with the river to a point, thence, N 35° E, 231 feet with the river to a point, thence, N 57° 30' E, 280 feet with the river to a point, thence, N 57° E 294 feet with the river to a point, thence, N 52° E, 587.80 feet with the river to a point, thence, N 52° E, 569.30 feet with the river to a point, thence, N 50° E, 1,155 feet with the river to a point in the original Town limits.

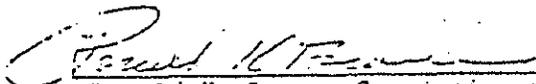
Section 2: (a) The name and corporate title of the expanded Teays Valley Public Service District shall be "South Putnam Public Service District".

(b) That the said area of the Teays Valley Public Service District, hereafter known as the South Putnam Public Service District, is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of, the South Putnam Public Service District, and shall henceforth and hereafter become and constitute an integral part of the said South Putnam Public Service District.

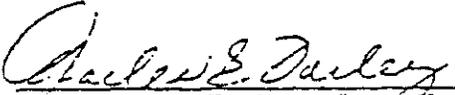
ENTERED into the permanent records of Putnam County, West Virginia, this 10th day of March, 1981.

  
\_\_\_\_\_  
Leff Moore, President

  
\_\_\_\_\_  
R. B. Allen, Commissioner

  
\_\_\_\_\_  
Ronald K. Brown, Commissioner

ATTEST:

  
\_\_\_\_\_  
Charles E. Farley, Jr., Clerk

Transmitted to the County Clerk's Office, March 11, 1981

Received by: \_\_\_\_\_

A RESOLUTION AND ORDER EXPANDING THE  
BOUNDARIES OF THE SOUTH PUTNAM PUBLIC  
SERVICE DISTRICT WITHIN PUTNAM COUNTY,  
WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 3rd day of December, 1991, fix a date for a public hearing on the expansion of the South Putnam 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 Commission at this meeting, and have an opportunity to be heard, for and against the expansion of the said Public Service District; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 13A, Chapter 16, of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the expansion of the said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded Public Service District area or the existing boundaries of the South Putnam Public Service District, and said County

---

Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding the said District;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, as follows:

Section 1.

That the physical, geographical, territorial limits of the South Putnam Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter, as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the territorial jurisdiction of the South Putnam Public Service District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U. S. Route 60, thence, N. 32° 13' W. 305.0 feet, N. 00° 50' W. 176.07 feet, thence N. 4° 22' W. 115.1 feet, thence, N. 27° 40' W. 1,728.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence S. 6° 20' E. 255.9 feet, thence S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U. S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 19° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.9 feet, thence S. 58° 42' W. 437.75 feet, thence, S. 68° 14' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.8 feet, thence, S. 87° 44' E. 1,109.8 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence N. 6° 15' E. 848.7 feet, thence N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 119.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 109.4 feet, thence S. 45° 25' E. 171.8 feet, thence, S. 42° 05' E. 128.0 feet, thence, S. 31° 40' E. 279.9 feet, thence, S. 46° 25' E. 263 feet, thence, S. 21° 45' E. 340.5 feet, thence, S. 60° 25' E. 229.0 feet, thence N. 35° 40' E. 119.5 feet, thence, N. 20° 01' W. 798.0 feet, thence, N. 56° 00' E. 77.03 feet, thence, N. 50° 05' E. 794.47 feet, thence, N. 66° 00' E. 433.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 89° 17' W. 739.68 feet, thence, crossing U. S. Route 60, N. 13° 16' E. 990.0 feet, thence along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 98° 56' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 26° 40' E. 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17, S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E.

0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 50' 10", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 19° 40' 0.65 miles to a point having a latitude of N. 38° 25' 29" and longitude of W. 81° 50', thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75 miles, thence, with northerly right-of-way line of Interstate 64 1.10 miles, more or less to place of beginning, containing 3.70 square miles.

(3) Putnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge on a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 191.5 feet to a white oak stump in a low gap; thence, N. 37° 30' W. 940.5 feet to a stake; thence, S. 63° 30' W. 495 feet to a stone by some hickories; thence, N. 37° 30' W. 792 feet to a stone, corner to a tract of land owned by Charles C. Payne; thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,812.5 feet to an iron pipe; thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land; thence, with the line of the Radford land, S. 64° 30' E. 3,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U. S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the southwesterly line of the said Radford land, S. 36° 00' E. 1,800 feet to an iron pipe; thence, S. 64° 30' E. 455 feet to an iron pipe; thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne; thence, with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe; thence, N. 36° 00' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road; thence, with the right-of-way line of the said road, N. 51° 48' E. 29.5 feet to an iron pipe; thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U. S. Route 35; thence, running with U. S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 16° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U. S. Route 35; thence, with the common division line between the property herein conveyed and the Payne property, N. 16° 00' W. 201 feet to a stake at the edge of Kanawha River; thence, running up the river and binding thereon, N. 49° 17' E. 209.1 feet, to an iron pipe; thence, running S. 16° 00' E. 217 feet; thence, running S. 54° 00' W. 209.5 feet to the place of beginning, containing 1 acre.

(4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line; thence, leaving the said right-of-way line running with the division line between Morris and Raynes and Morris and Rose, N. 3° 00' W. 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked beech; thence, leaving Rose and running up the Kanawha River with pool stage, S. 91° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2; thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17; thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

(5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having a latitude N. 38° 26' 30" and a longitude W. 81° 59' 04"; thence, S. 68° 15' W. for 0.10 miles parallel with West Virginia Route 34 to a point having a latitude N. 38° 26' 24" and longitude W. 81° 59' 23"; thence, N. 37° 09' W. for 0.13 miles, crossing West Virginia Route 34 at about 200 feet to a point having a latitude N. 38° 26' 31" and longitude W. 81° 59' 29"; thence, N. 45° 59' W. for 0.11 miles to a point on the south right-of-way of Old County Route 14/22

having a latitude N. 38° 26' 34" and longitude W. 81° 59' 34"; thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point in the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36"; thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having a latitude N. 38° 27' 05" and longitude W. 81° 59' 51"; thence, N. 62° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22"; thence, in a southerly direction for 0.32 miles with the Sunnybrook Estate-Springdale Estates Subdivision boundary line to a point having a latitude N. 38° 26' 54" and longitude W. 81° 59' 15"; thence, N. 82° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District Boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04"; thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

(6) Culloden Sanitary Sewer and Water Service are to be excluded from the South Putnam Public Service District area, more particularly defined as follows:

Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line; thence, with the following bearings and distances, based on the before named Plane Coordinate System, N. 01° 05' 28" W. 2,625.48 feet; thence, N. 63° 52' 08" E. 1,475.85 feet; thence, S. 33° 23' 19" E. 1,317.43 feet; thence, S. 42° 35' 59" W. 2,954.76 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line; thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with said

westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System: S. 51° 07' 48" W. 125.00 feet; thence, S. 38° 39' 35" E. 1,120.55 feet; thence, N. 66° 48' 05" E. 761.58 feet; thence, S. 70° 33' 16" E. 1,640.00 feet; thence, S. 61° 54' 24" W. 1,707.71 feet; thence S. 78° 39' 01" E. 1,503.00 feet; thence, N. 03° 55' 33" W. 4,100 feet, to the true point of beginning.

(7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates N5211750, E1700000; thence, with the following bearings and distances based on the before named Plane Coordinate System: N. 63° 47' 00" E. 7,356.80 feet; thence N. 47° 01' 17" W. 1,503.54 feet; thence, N. 31° 05' 50" E. 1,839.33 feet; thence, S. 70° 01' 01" E. 1,463.09 feet; thence, S. 07° 19' 21" E. 992.98 feet; thence, S. 25° 38' 28" E. 693.27 feet; thence, N. 53° 44' 46" E. 1,860.11 feet; thence, N. 58° 12' 09" E. 3,927.47 feet; thence, S. 29° 41' 27" E. 3,290.72 feet; thence, N. 54° 46' 57" E. 1,560.65 feet; thence, S. 16° 41' 57" E. 1,044.03 feet; thence, S. 70° 07' 59" W. 6,326.53 feet; thence, S. 04° 23' 55" W. 1,303.84 feet; thence S. 58° 23' 33" W. 3,052.87 feet; thence, S. 07° 41' 46" E. 1,866.82 feet; thence, S. 33° 06' 41" W. 1,372.95 feet; thence, N. 52° 13' 21" W. 1,390.24 feet; thence, S. 86° 11' 09" W. 2,254.99 feet; thence, S. 09° 03' 28" E. 3,493.57 feet; thence S. 46° 32' 53" W. 654.31 feet; thence, N. 75° 22' 45" W. 1,782.73 feet; thence S. 73° 18' 03" W. 522.02 feet; thence, N. 50° 54' 22" W. 1,030.78 feet; thence, N. 45° 00' 00" E. 353.55 feet; thence N. 17° 31' 32" W. 498.12 feet; thence, N. 40° 56' 26" W. 2,746.93 feet; thence N. 02° 20' 14" E. 1,226.02 feet; thence, N. 42° 22' 25" E. 1,928.39 feet; thence, N. 29° 03' 17" W. 1,029.56 feet to the true point of beginning.

(8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinate N524160.24, E1704721.07 and being approximately situated on the southerly right-of-way line of Interstate Route 64;

thence, with the following bearings and distances based on the before named Plane Coordinate System; N. 63° 56' 44" E. 2,481.07 feet; thence, N. 74° 55' 53" E. 1,346.29 feet; thence, S. 29° 44' 42" E. 604.67 feet; thence, N. 70° 42' 36" E. 529.74 feet; thence, S. 33° 41' 24" E. 180.28 feet; thence, N. 64° 29' 10" E. 2,437.72 feet; thence, S. 28° 18' 03" E. 369.12 feet; thence, S. 65° 11' 09" W. 2,561.49 feet; thence, S 24° 56' 39" E. 2,371.18 feet, more or less, to a point in the center of Hurricane Creek; thence, with the center of Hurricane Creek in a southwesterly, upstream direction, 3,800 feet, more or less, to the center of the West Virginia Route 24 Hurricane Creek Bridge; thence, leaving the center line of Hurricane Creek, with the following bearings and distances based on the before named Plane Coordinate System; S. 61° 36' 08" W. 2,796.52 feet; thence, N. 55° 03' 16" W. 2,025.14 feet; thence, S. 31° 09' 48" W. 603.26 feet; thence N. 55° 00' 29" W. 305.16 feet; thence, N. 26° 33' 34" E. 279.51 feet; thence, N. 56° 19' 36" W. 901.39 feet; thence, S. 33° 41' 24" W. 721.11 feet; thence, N. 55° 00' 29" W. 305.16 feet; thence, S. 30° 20' 36" W. 1,187.70 feet; thence, S. 53° 07' 48" E. 625.00 feet; thence, S. 35° 32' 16" W. 430.12 feet; thence N. 54° 41' 20" W. 735.27 feet; thence, N. 32° 39' 39" E. 1,158.12 feet, thence, N. 51° 20' 25" W. 160.08 feet; thence, N. 29° 25' 39" E. 1,119.43 feet; thence, N. 31° 56' 41" E. 1,320 feet, more or less; thence, northeast along southern right-of-way of Virginia Avenue, Putnam County Route 60/10, 3,050 feet, more or less; thence, northwest along the eastern right-of-way of Sovina Road, Putnam County Route 60/3, 915 feet, more or less to the true point of beginning.

(9) Ventroux Water Association for water service only, more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U. S. Route 35 and the southern edge of Scary Creek; thence, 700 feet in a southerly direction with the Route 35 line to a point; thence, N. 84° 15' W. 2,360 feet, leaving the Route 35 line to a point; thence S. 03° 24' W. 1,350 feet to a point; thence N. 87° 18' W. 500 feet to a point; thence N. 01° 56' E. 2,130 feet to a point; thence, N. 61° 32' E. 2,180 feet to a point in the southern edge of Scary Creek; thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as follows:

Beginning at the southernmost point in the original town limits; thence, S. 36° E. 1,270.50 feet, leaving the town limits to a point; thence, S. 57° E. 4,075.50 feet to a point; thence, S. 45-1/2° W. 412.50 feet to a point; thence, S. 85-1/2° W. 511.50 feet to a point; thence, N. 87° 30' W. 478.50 feet to a point; thence, S. 33-1/2° E. 2,739.00 feet to a point; thence, S. 80-1/2° W. 1,435.50 feet to a point; thence, N. 29° W. 39.60 feet to a point; thence S. 81-1/2° W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 31-1/2° E. 334.60 feet, again crossing Route 29/1 to a point; thence, S. 75° W. 264 feet to a point; thence, N. 68° W. 453.80 feet to a point; thence, W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 71° 00' W. 1,250 feet, crossing Route 29/1 to a point; thence S. 51° 58' W. 450 feet to a point; thence, S. 48° 45' W. 1,455.20 feet, crossing Routes 29/1 and 29; thence, N. 67° 15' W. 760.80 feet to a point; thence, N. 33° 30' E. 128.70 feet to a point; thence, N. 18° 45' E. 184.70 feet to a point; thence, N. 29° 15' E. 296.50 feet to a point; thence, N. 19° 30' E. 415.70 feet to a point; thence, N. 60° 50' W. 411.60 feet to a point; thence, N. 55° 40' W. 378.60 feet to a point; thence, N. 46° W. 436.60 feet to a point in the eastern right-of-way line of Route 34; thence, N. 4° E. 2,715 feet crossing Route 34 and 35 to a point in the southern edge of Kanawha River; thence, N. 71° 35' E. 285 feet with the river to a point; thence, N. 36° 15' E. 250 feet with the river to a point; thence, N. 46° 37' E. 600 feet with the river to a point; thence N. 59° 40' E. 440 feet with the river to a point; thence, N. 56-1/2° E. 471 feet with the river to a point; thence, N. 58-1/2° E. 146 feet with the river to a point; thence N. 55° E. 231 feet with the river to a point; thence, N. 57° 30' E. 290 feet with the river to a point; thence N. 57° E. 294 feet with the river to a point; thence, N. 52° E. 587.80 feet with the river to a point; thence, N. 52° E. 569.30 feet with the river to a point; thence, N. 50° E. 1,155 feet with the river to a point in the original town limits

Section 2.

That the said area of the South Putnam Public Service District is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of the South Putnam Public Service District, and shall henceforth and hereafter become and constitute and integral part of the said South Putnam Public Service District.

Entered into the permanent records of Putnam County, West Virginia, this 3rd day of December, 1981.

  
\_\_\_\_\_  
Left Moore

President

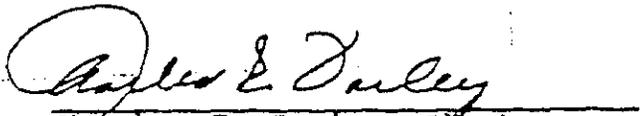
  
\_\_\_\_\_  
R. B. Allen

Commissioner

  
\_\_\_\_\_  
Ronald K. Brown

Commissioner

ATTEST:

  
\_\_\_\_\_  
Charles E. Farley, Clerk

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
I, Charles E. Farley, Clerk of the Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.  
Given under my hand and seal of the said commission, at Winfield, West Virginia, this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_  
By \_\_\_\_\_ Deputy

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
I, Charles E. Farley, Clerk of the Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.  
Given under my hand and seal of the said commission, at Winfield, West Virginia, this the 16 day of Feb, 1982  
Court order Book 28 At Page 314  
CHARLES E. FARLEY, CLERK, PUTNAM COUNTY COMMISSION  
By L. E. Egan Deputy

RESOLUTION OF  
CITY OF HURRICANE

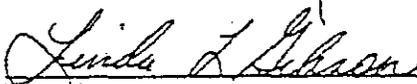
BE IT RESOLVED by the City Council of the City of Hurricane as follows:

The City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the City of Hurricane this 1st day of May, 1995.

[SEAL]

  
Recorder

04/18/95  
SPSJ.O2  
847280/94001

RESOLUTION OF

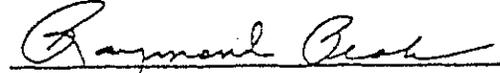
SANITARY BOARD OF CITY OF HURRICANE

BE IT RESOLVED by the Sanitary Board of the City of Hurricane as follows:

The Sanitary Board of the City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

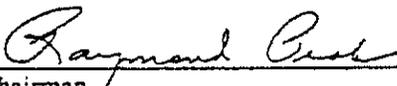
An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.

  
Raymond Cook  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Sanitary Board of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand this 1st day of May, 1995.

  
\_\_\_\_\_  
Chairman

04/25/95  
SPSJ.P3  
847280/94001

RULES OF PROCEDURE  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 107 South Poplar Fork Road, Scott Depot, Putnam County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed South Putnam Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

## ARTICLE III

### MEMBERSHIP

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

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

## ARTICLE IV

### MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

## PUBLIC NOTICE OF MEETINGS

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

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

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

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

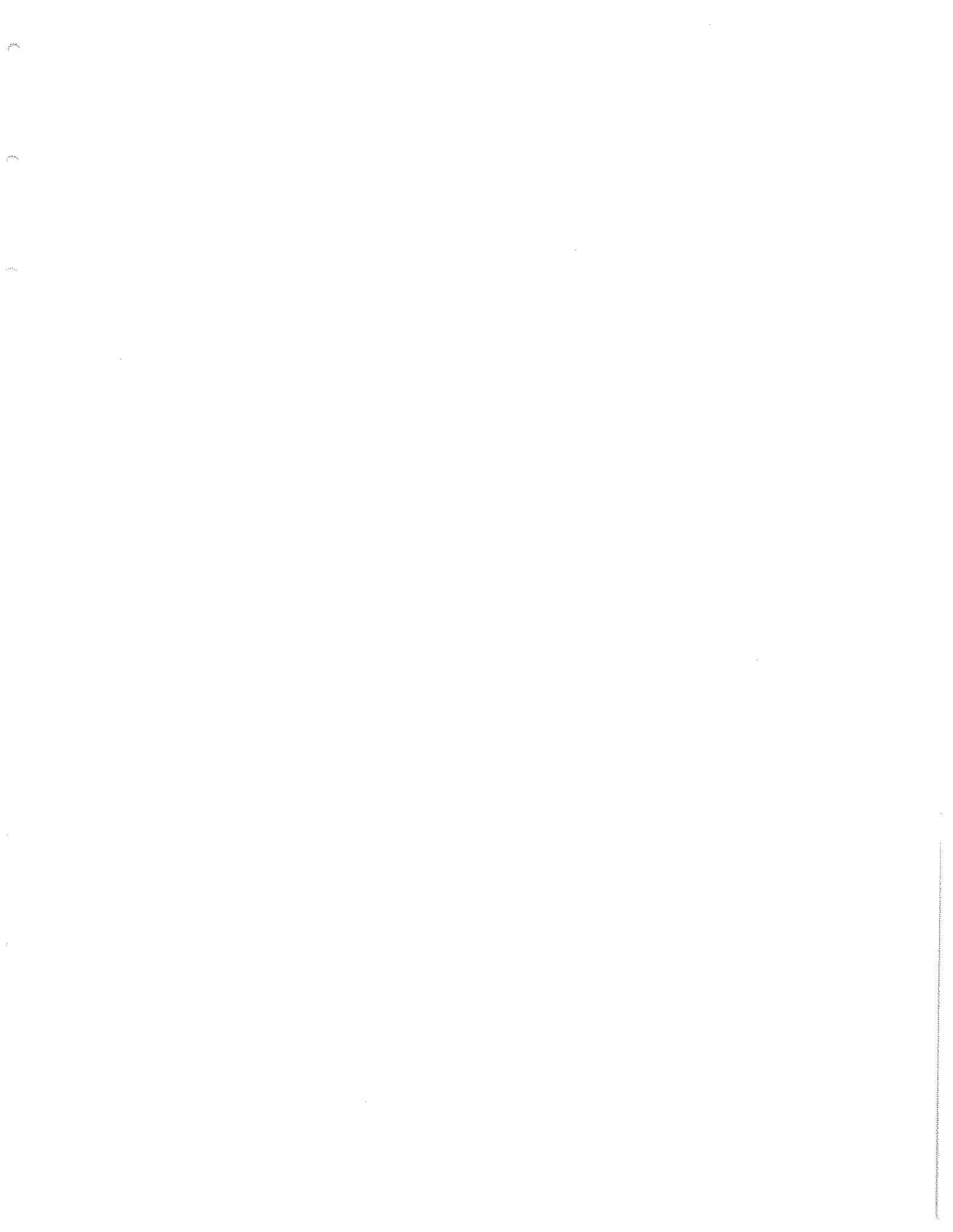
### DUTIES OF OFFICERS

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

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

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

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

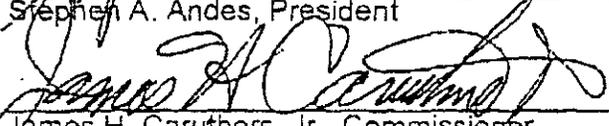


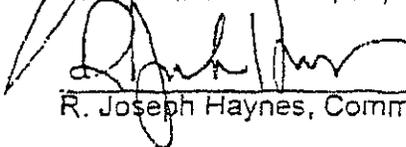
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 30th day of August, 2005 does hereby RE-APPOINT Mr. Joe E. Miller, 3709 Cambridge Drive, Hurricane, West Virginia 25526 to serve on the South Putnam Public Service District Board, effective August 31, 2005 with a term to expire on August 31, 2011.

ENTER this 30th day of August, 2005.

  
\_\_\_\_\_  
Stephen A. Andes, President

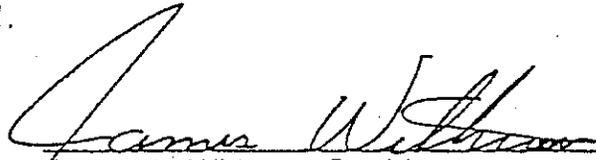
  
\_\_\_\_\_  
James H. Caruthers, Jr., Commissioner

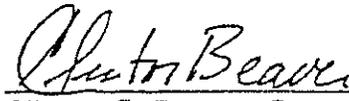
  
\_\_\_\_\_  
R. Joseph Haynes, Commissioner

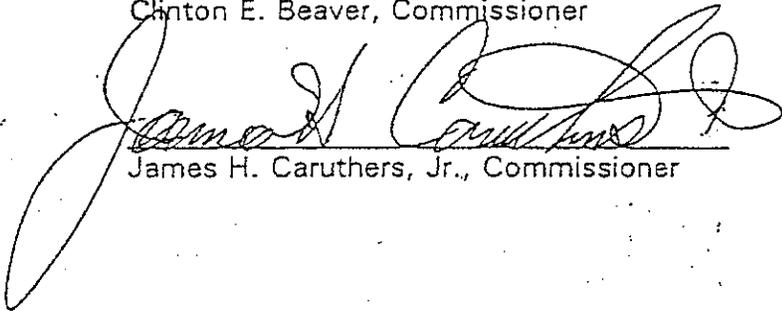
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 28th day of August, 2001 does hereby APPOINT Mr. Jerry Kelley, P. O. Box 208, Red House, WV 25168 to serve on the South Putnam Public Service District Board effective August 28, 2001 with a term to expire on August 28, 2007.

ENTER this 28th day of August, 2001.

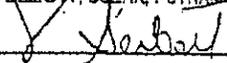
  
James A. Withrow, President

  
Clinton E. Beaver, Commissioner

  
James H. Caruthers, Jr., Commissioner

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office. Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 29 day of July 2002  
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By  Deputy

BOOK 073 PAGE 171

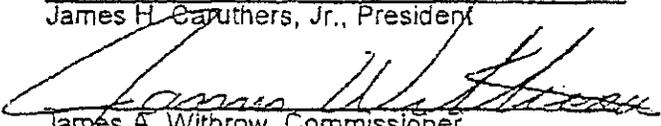
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

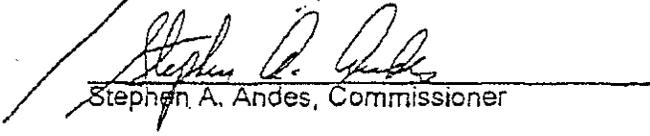
County Commission of Putnam County, West Virginia, sitting in regular session this the 9th of September, 2003 does hereby RE-APPOINT Mr. Calvin L. Hatfield, 101 Vista Lane, Maricane, WV 25526 to serve on the South Putnam Public Service District Board effective August 2003 with a term to expire on August 31, 2009.

AFTER this 9th day of September, 2003.

Absent

James H. Caruthers, Jr., President

  
James A. Withrow, Commissioner

  
Stephen A. Andes, Commissioner



OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, JOE E. MILLER do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of \_\_\_\_\_

SOUTH PUTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2005 TO AUGUST 31, 2011)

to the best of my skill and judgement, SO HELP ME, GOD.

*Joe E. Miller*

Subscribed and sworn to before me this 6<sup>th</sup> day  
of September, 2005.

*Brian Wood* CLERK  
Putnam County Commission,  
Winfield, West Virginia

BY: *J. Seibert* Deputy

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, Jerry Kelley do solemnly

swear that I will support the Constitution of the United States

and the Constitution of the State of West Virginia, and that I

will faithfully discharge the duties of the office of \_\_\_\_\_

South Putnam Public Service District Board

to the best of my skill and judgement, SO HELP ME GOD.

*Jerry K. Kelley*

Subscribed and sworn to before me this 10<sup>th</sup> day

of September, 2001

*Michael W. Elliott* CLERK  
Putnam County Commission,  
Winfield, West Virginia

BY: *Phyllis Ward* Deputy

STATE OF WEST VIRGINIA  
County of Putnam, to-wit:  
I, MICHAEL W. ELLIOTT, Clerk of  
the County Commission of said County, do hereby  
certify that the foregoing writing was duly pro-  
duced to me in my said office and together with  
the record thereon subscribed, was duly returned  
to record therein.

10 day of Sept 2001  
*Michael W. Elliott*

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE  
I, Michael W. Elliott, Clerk of Putnam County Commission do  
hereby certify that this foregoing is a true and correct  
copy and transcript from the record of my office.  
Given under my hand and seal of said commission.

BOOK 010 PAGE 377

OFFICIAL OATH

STATE OF WEST VIRGINIA,

POTNAM COUNTY, SS:

I, CALVIN L. HATFIELD do solemnly

swear that I will support the Constitution of the United States

and the Constitution of the State of West Virginia, and that I

will faithfully discharge the duties of the office of \_\_\_\_\_

SOUTH POTNAM PUBLIC SERVICE DISTRICT BOARD

(TERM: AUGUST 31, 2003 TO AUGUST 31, 2009)

to the best of my skill and judgement, SO HELP ME GOD.

*Calvin L. Hatfield*

Subscribed and sworn to before me this 17<sup>th</sup> day

of September, 2003

*Michael W. Elliott* CLERK  
Putnam County Commission,  
Winfield, West Virginia

BY: \_\_\_\_\_ Deputy

STATE OF WEST VIRGINIA  
County of Putnam, ss-wic  
I, MICHAEL W. ELLIOTT, Clerk of  
County Commission of said County, do hereby  
certify that the foregoing writing was this day  
presented to me in my said office and together with  
the official oaths annexed, was duly admitted  
and thereon.

Given under my hand this  
17<sup>th</sup> day of September, 2003  
*Michael W. Elliott* 11:31 AM  
Clerk AM



RULES OF PROCEDURE

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 107 South Poplar Fork Road, Scott Depot, Putnam County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed South Putnam Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

## ARTICLE III

### MEMBERSHIP

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

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

## ARTICLE IV

### MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

## PUBLIC NOTICE OF MEETINGS

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

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

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

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

### DUTIES OF OFFICERS

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

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

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

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

## ARTICLE VII

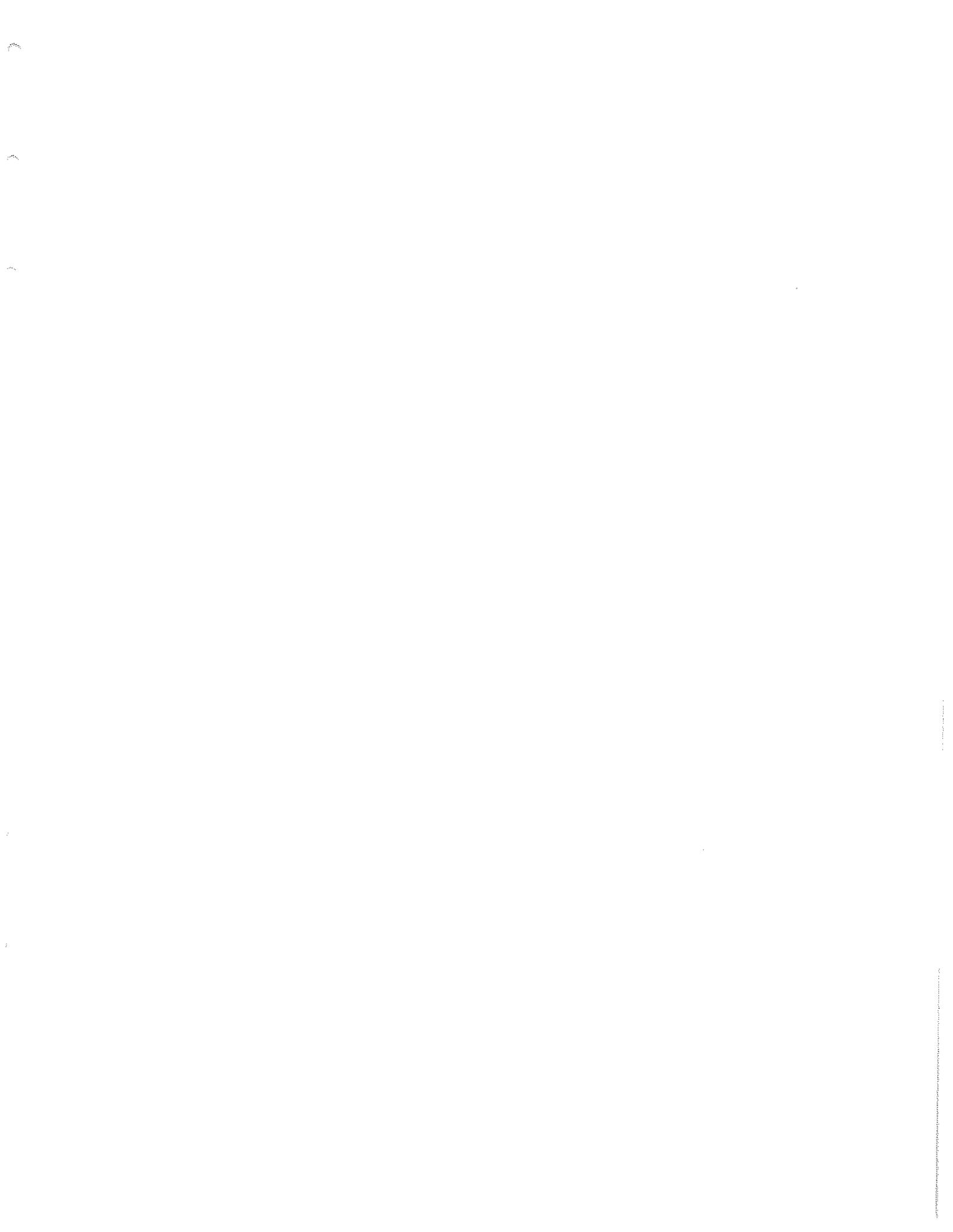
### AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

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

Adopted this 5th day of March, 2002.

02/22/02  
847280.00001



LAW OFFICES  
ROBERT R. RODECKER  
BB&T SQUARE  
300 SUMMERS STREET, SUITE 1230  
POST OFFICE BOX 3713

ROBERT R. RODECKER  
rodecker@wvdsi.net

JAMES V. KELSH  
OF COUNSEL  
kelshlaw@yahoo.com

CHARLESTON, WEST VIRGINIA 25337

June 2, 2005

AREA CODE 304  
343-1654  
FACSIMILE  
343-1657

Ms. Sandra Squire  
Executive Secretary  
Public Service Commission  
201 Brooks Street  
Charleston, West Virginia 25301

RE: CASE NO. 05-0660-PSD-CN  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Application for a certificate of convenience and necessity

Dear Ms. Squire:

Pursuant to the Notice of Filing Order entered May 9, 2005, in the above-referenced proceeding, enclosed herein please find the original and twelve (12) copies of an Affidavit evidencing publication of the Notice in *The Putnam Democrat* newspaper on May 19, 2005.

In addition, please find a return receipt for certified mail evidencing the receipt of the Notice of Filing Order by the City of Hurricane, the District's only water resale customer, on May 11, 2005.

Should you have any questions regarding this filing, please do not hesitate to contact me.

Sincerely,



Robert R. Rodecker  
WV State Bar No. 3145

bg  
enclosures

cc: Ronald E. Robertson, Jr., Esquire  
Michael A. McNulty  
Jason E. Henderson, P.E.

05 water cert/squire letter with affidavits and cert mail

Water Imp.  
2009W-01  
PSC FILE

AFFIDAVIT OF PUBLICATION

Cost of Publication \$423.36

State of West Virginia, County of Putnam, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of South Putnam Public Service District

Notice of Filing

Case No. 05-0660-PWD-CN

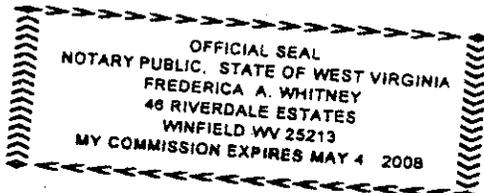
was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 19th day of May 20 05, and ending with issue of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, (and was posted, if required, at the \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_).

Phyllis Robinson  
Phyllis Robinson, Publisher  
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 20th day of May, 20 05.

My commission expires

May 4, 2008



Frederica A. Whitney  
Notary Public of Putnam County, West Virginia

**PUBLIC SERVICE COMMISSION**  
OF WEST VIRGINIA  
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 9th day of May, 2005.  
CASE NO. 05-0460-PWD-CN  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Application for a Certificate of Convenience and necessity for the construction, operation and maintenance of a water system improvement project throughout the service area in Putnam County, West Virginia, and for approval of financing related therein.

**NOTICE OF FILING**

WHEREAS, on May 9, 2005, the South Putnam Public Service District filed an application, duly verified, for a certificate for the construction, operation and maintenance of a water system improvement project throughout its service area in Putnam County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the South Putnam Public Service District estimates that construction will cost \$7,200,000. It is proposed that the construction will be financed by USDA Rural Development Loans ("RULS") for 100% of the project cost. The RULS will be repaid in the form of a loan to the applicant of \$6,000,000, at the New York prime rate plus 2%, with a base rate of 6%.

WHEREAS, the utility is requesting approval of interim increased water rates to provide effect upon the granting of a certificate by the Commission and final increased water rates to go into effect upon completion of the water improvement project. The proposed increased water rates are as follows:

**INTERIM RATES SCHEDULE 1**

**APPLICABILITY**  
Applicable in entire territory served except the Kanawha Orchard Industrial customers

**AVAILABLE**  
Available for general domestic, commercial, South Putnam Industrial and ready service

**RATES**

Fire	2,000 gallons used per month	Minimum Rate According to Meter Size
Next	31,824 per 1,000 gallons	
Next	975,000 gallons used per month	\$1,520 per 1,000 gallons
Next	1,000,000 gallons used per month	\$2,418 per 1,000 gallons

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

5/8 or 3/4	inch meter	\$ 14.52 per month
1	inch meter	\$ 36.30 per month
1-1/2	inch meter	\$ 53.00 per month
2	inch meter	\$ 72.60 per month
3	inch meter	\$ 116.16 per month
4	inch meter	\$ 217.80 per month
5	inch meter	\$ 363.00 per month
6	inch meter	\$ 726.00 per month
8	inch meter	\$1,452.00 per month

**TAP FEE**  
The charge for installing a meter and making a tap for a service connection is \$300.00.

**RECONNECTION SERVICE CHARGE**  
\$40.00

**DELETED PAYMENT PENALTY**  
The above rates are not. On all current usage bills not paid in full within twenty (20) days of the billing date, an interest (10%) may be added to the net amount shown. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

**RETURNED CHECK CHARGE FOR INSUFFICIENT FUNDS**  
A service charge equal to the actual bank fee assessed to the District or a maximum of \$15.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

**INCREMENTAL COST OF WATER PURCHASED AND PRODUCED**  
No bill for 1,000 gallons to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all meter consumption above customer's usage.

**SCHEDULE 2A**

**APPLICABILITY**  
Applicable in territory formerly served by Kanawha Orchard Public Service District for industrial customer only

**AVAILABLE**  
Available for industrial water service

**RATES**

First	3,000 gallons used per month	\$5,612 per 1,000 gallons
Next	7,000 gallons used per month	\$5,345 per 1,000 gallons
All Over	10,000 gallons used per month	\$5,078 per 1,000 gallons

**MINIMUM CHARGE**  
No minimum bill will be rendered for less than \$15.75 per month based on meter size:

5/8 or 3/4	inch meter	\$ 16.84
1	inch meter	\$ 42.10
1-1/2	inch meter	\$ 84.20
2	inch meter	\$ 134.72
3	inch meter	\$ 217.80
4	inch meter	\$ 363.00
5	inch meter	\$ 726.00
6	inch meter	\$1,452.00

**RECONNECTION**  
\$25.00

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

**CONNECTION**  
Service fee to be charged to new customers

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost

**RECONNECTION**  
\$25.00

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

**CONNECTION**  
Service fee to be charged to new customers

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost

**RECONNECTION**  
\$25.00

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

**CONNECTION**  
Service fee to be charged to new customers

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost

**LEGAL NOTICE**

bank due to inefficient No. INCREMENTAL COST OF WATER PURCHASED AND PRODUCED  
10.50 per 1,000 gallons to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

**APPLICABILITY**  
Applicable in territory formerly served by Kanawha Orchard Public Service District for industrial customer only

**AVAILABLE**  
Available for industrial water service

**RATES**

First	3,000 gallons used per month	\$6,493 per 1,000 gallons
Next	7,000 gallons used per month	\$6,184 per 1,000 gallons
All Over	10,000 gallons used per month	\$5,815 per 1,000 gallons

**MINIMUM CHARGE**  
No minimum bill will be rendered for less than \$15.75 per month based on meter size:

5/8 or 3/4	inch meter	\$ 19.48
1	inch meter	\$ 47.40
1-1/2	inch meter	\$ 94.80
2	inch meter	\$ 151.44
3	inch meter	\$ 248.88
4	inch meter	\$ 417.00
5	inch meter	\$ 834.00
6	inch meter	\$ 1,668.00

**RECONNECTION**  
\$25.00

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

**CONNECTION**  
Service fee to be charged to new customers

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION AND DELAYED PAYMENT PENALTY**  
The connection service charge and delayed payment penalty set forth in Schedule 1A applicable to Schedule 2.

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION AND DELAYED PAYMENT PENALTY**  
The connection service charge and delayed payment penalty set forth in Schedule 1A applicable to Schedule 2.

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION AND DELAYED PAYMENT PENALTY**  
The connection service charge and delayed payment penalty set forth in Schedule 1A applicable to Schedule 2.

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION AND DELAYED PAYMENT PENALTY**  
The connection service charge and delayed payment penalty set forth in Schedule 1A applicable to Schedule 2.

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION AND DELAYED PAYMENT PENALTY**  
The connection service charge and delayed payment penalty set forth in Schedule 1A applicable to Schedule 2.

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION AND DELAYED PAYMENT PENALTY**  
The connection service charge and delayed payment penalty set forth in Schedule 1A applicable to Schedule 2.

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**RECONNECTION AND DELAYED PAYMENT PENALTY**  
The connection service charge and delayed payment penalty set forth in Schedule 1A applicable to Schedule 2.

**APPLICABILITY**  
Applicable in entire territory served

**AVAILABLE**  
Available for private fire protection

**RATE**  
The monthly rate for private fire protection will be \$33.75 per hydrant to establish connection.

**FREE SERVICE TAP FEE**  
The tap for connection of private fire hydrant or sprinkler connections shall be the actual cost of making said connection.

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

HONORABLE  
MAYOR

**HONORABLE**  
**RAYMOND PEAK, Mayor**  
**CITY OF HURRICANE**  
2801 Virginia Avenue  
Hurricane, West Virginia 25526

*N.A.F. 05-0660*

2. Article Number (Transfer from service label)

7003 2260 0004 4464 8022

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

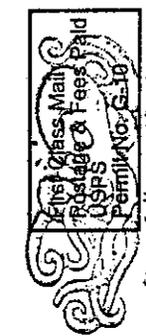
A. Signature  Agent  
*R. Rodecker*  Addressee

B. Received by (Printed Name) C. Date of Delivery  
*R. Rodecker*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise  
 C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



• Sender: Please print your name, address, and ZIP+4 in this box •

Robert R. Rodecker, Esquire  
Post Office Box 3713  
Charleston, WV 25337-3713

*SPR*





**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**10 January 2006**

**MINUTES**

Chairman Jerry Kelley called to order the regular meeting of the PSD Board with Board members Calvin Hatfield and Joe Miller present. Staff present included Mike McNulty and Jason Henderson.

**RECOGNITION OF GUESTS**

The Board recognized Stephen Andes, President, Putnam County Commission; Jim Caruthers, Putnam County Commission; Mike Newton, Qk4 Engineering and Pat Rawlings, Qk4 Engineering.

**CHANGE IN ORDER OF AGENDA**

Without objection, Chairman Kelley called upon the Staff to move to Old Business for the purpose of allowing the Putnam County Commissioners to be updated on current projects within a reasonable time period.

**OLD BUSINESS**

**WVDOH Project**

Mr. Henderson provided the Board with a brief summary of work to date regarding the construction of the Rt. 35 interchange and the Larck Dam.

*Project Finances*

Mr. Henderson presented invoice WVDOH for Partial Invoice No.6 in the amount of \$5,073.41 for engineering services. Following review, motion was made by Calvin Hatfield approving Partial Invoice No. 6 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**Sewer Interceptor /TIF District Project**

Mr. McNulty advised the Board that the lining portion of the project is approximately 75% completed and that the lining contractor is estimating they will be completed in 2 weeks. Mr. McNulty further advised the Board that approximately 700 lf of 16-inch force-main will be installed by District Staff in the next couple of weeks.

*Project Finances*

Mr. Henderson presented Contractors Estimate No. 2 for contract 04 in the amount of \$412,878.54. Following review, motion was made by Calvin Hatfield approving Contractors Estimate No. 2 for contract 04 in the amount of \$412,878.54 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

Mr. Henderson presented Resolution No. 06 in the amount of \$427,421.62 for project engineering and construction services. Following review, motion was made by Calvin Hatfield approving Resolution No. 6 in the amount of \$427,421.62 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
MINUTES

10 January 2006

Page 2

---

Mr. Henderson presented Requisition No. 06 in the amount of \$427,421.62 for project engineering and construction services. Following review, motion was made by Calvin Hatfield approving Requisition No. 6 in the amount of \$427,421.62 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**Kanawha Valley Sewer Project**

Mr. Henderson advised the Board that arrangements for core drilling the lift station sites is on track and we still have not been able to finalize the purchase of the remaining property for a lift-station. The project is on schedule and we are on schedule to advertise the project for bids at the end of January or early February depending upon approval from USDA RUS.

**North Putnam Sewer Project**

Mr. McNulty informed the Board that the PSC has not issued a Recommended Decision on the revised PCA from the US Army Corps of Engineers. Mr. McNulty also reported that he has spoken with Janna Lowery, USDA RUS, earlier today and that she needed one additional piece of information from John Stump, Steptoe & Johnson, prior to sending the acquisition package to the Virginia office for approval.

*Project Finances*

Mr. Henderson presented Requisition No. 34 in the amount of \$15.40 for project legal services. Following review, motion was made by Calvin Hatfield approving Requisition No. 34 in the amount of \$15.40 as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**Water System Improvement Project**

Mr. McNulty informed the Board that the advertisement for bids was published on Monday, January 9. The Pre-bid meeting is scheduled for January 26, 2006 and the Bid opening will be held on February 9, 2006.

**Vintroux Hollow Water & Sewer Project**

Mr. McNulty informed the Board that Ok4 Engineers has reported they have almost completed the paperwork necessary to apply for a \$500,000 grant from the US Army Corps of Engineers.

Mr. McNulty presented the Board with a request to advertise for engineering services to incorporate the Teays Hollow project area and the Great Teays Force-Main replacement into this project. Following discussion, motion was made by Calvin Hatfield approving Staff's request to advertise for engineering services to incorporate the Teays Hollow project area and the Great Teays Force-Main replacement. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
MINUTES

10 January 2006

Page 3

**NEW BUSINESS**

**Developer Plans**

No plans were presented

**Great Teays Maintenance Facility**

Mr. McNulty presented a request to advertise for professional engineering and design services to complete the Great Teays Maintenance Facility that will consist of a new maintenance garage, grinder pump shop, meter test shop, employee locker room facility and offices. The plan also calls for the construction of shed buildings to house District vehicles and equipment as well as water and sewer pipe. Following discussion, motion was made by Calvin Hatfield approving Staff's request to advertise for professional engineering and design services for the completion of the Great Teays Maintenance Facility. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

Chairman Kelley thanked the Putnam County Commissioners for their assistance over the past year and opened the floor to discussion for future projects and plans for the betterment of Putnam County. There being no additional project related topics for discussion, Chairman Kelley returned to beginning order of business.

**MODIFICATION OF PSD BOARD BY-LAWS**

The Board was provided with a copy of strikethrough and insert of proposed language for Section V of the District's By-Laws. Following review motion was made by Calvin Hatfield to adopt the proposed language. (Copy Attached) Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**SELECTION OF OFFICERS**

Motion was made by Calvin Hatfield to select Jerry Kelley to serve as the Board Chair, Joe Miller as the Board Secretary and Calvin Hatfield as the Board Treasurer. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; Miller: Yes. Motion carried.

**MINUTES OF PREVIOUS MEETING**

Motion was made by Calvin Hatfield approving the Minutes of the December 27, 2005 regular meeting of the PSD Board that were provided to the Board prior to the meeting for review. Joe Miller seconded the motion that was approved and carried by unanimous vote.

**FINANCIAL REPORT & PAYMENT OF REQUISITIONS**

The status report of the District's bank accounts was provided to the Board at the meeting for review.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**MINUTES**

10 January 2006

Page 4

Requisition #706 in the amount of \$115,458.17 was presented to the Board for re-approval; Requisition #707 in the amount of 66,714.53 was presented to the Board for re-approval; Requisition # 708 in the amount of \$259,336.88 was presented to the Board for re-approval; and Requisition #709 totaling \$100,111.26 was presented to the Board for approval. Following review, motion was made by Calvin Hatfield approving the Requisitions as presented for payment. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; and Miller: Yes. Motion carried.

**CUSTOMER ADJUSTMENT REQUESTS**

Mr. McNulty presented the customer adjustment requests as outlined below.

Name/Address	Water	Sewer	Action
Kenneth Caplinger 117 Teays Meadows	\$27.68	\$51.42	Approved
Kenneth Caplinger 117 Teays Meadows	\$79.50	150.71	Approved
Kenneth Caplinger 117 Teays Meadows	\$11.13	\$20.69	Approved
Gary Bolen RR12 Box 294 B-4	---	241.85	Approved
Adam Vogel RR3 Box 42 B-1	---	\$99.75	Approved
Danny Lee Cottle 13 Seville Dr.	\$16.22	\$30.14	Approved
Darrell Briscoe 1806 Harmon's Br. Rd.	\$200.72	--	Approved
Pamela Santone 44 Deerfield Lane	\$9.06	\$17.14	Approved
Patricia Holestine 21 Granda Circle	\$20.68	\$38.41	Approved
Phyllis McHenry Powers 203 Carrington Dr.	\$172.44	\$339.23	Approved
Misty Kirby 121 Valley Bend	\$15.59	\$28.95	Approved
Misty Kirby 121 Valley Bend	\$9.31	\$15.37	Approved

Following review, motion was made by Calvin Hatfield approving the customer adjustment requests as presented. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; and Miller: Yes. Motion carried.

**OTHER BUSINESS**

No other business was presented before the Board.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Regular Meeting of the PSD Board  
MINUTES

10 January 2006

Page 5

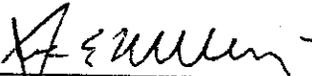
---

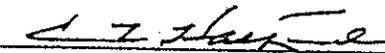
**ADJOURNMENT**

There being no further business, motion was made by Calvin Hatfield adjourning the regular meeting at 9:00 p.m. Joe Miller seconded the motion that was approved by a vote of Kelley: Yes; Hatfield: Yes; and Miller: Yes. Motion carried.

---

Jerry K. Kelley, Chairman

  
Joe E. Miller, Secretary

  
Calvin L. Hatfield, Treasurer

---



**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**25 April 2006**

**MINUTES**

Chairman Jerry Kelcy called to order the regular meeting of the PSD Board with Board members Joc Miller and Calvin Hatfield present. Staff present included Mike McNulty, David Mercer, and Donnie Turner.

**RECOGNITION OF GUESTS**

The Board recognized Dan Bailey and Coy Miller, U.S. Army Corps of Engineers, and John Stump, Steptoe and Johnson.

**CHANGE IN ORDER OF THE AGENDA**

**NORTH PUTNAM SEWER PROJECT**

Without objection, Chairman Kelley recognized Coy Miller, U.S. Army Corps of Engineers, to give a report on the funding status of the North Putnam Sewer Plant upgrade project. Mr. Miller noted that he was attending tonight's just as he had committed during the March 21<sup>st</sup> meeting. Mr. Miller stated that he would be meeting with Representative Moore-Capito on April 27 to discuss the projects adversely affected by the Corps policy on reprogramming. At this time he had no new information to share but they would be working to restore the funding. Mr. Miller turned the discussion over to Dan Bailey to present the revised PCA. Mr. Bailey highlighted the various components of the PCA that mainly consisted of revising the grant amount from \$1.57 million to \$300,000. This amount is intended to cover the Corps share of the design of the project.

**MINUTES OF PREVIOUS MEETING**

Motion was made by Calvin Hatfield approving the Minutes of the April 11, 2006 regular meeting of the PSD Board that were provided to the Board prior to the meeting for review. Joe Miller seconded the motion that was approved by unanimous vote.

**FINANCIAL REPORT & PAYMENT OF REQUISITIONS**

A status report of the District's bank accounts was provided to the Board at the meeting for review.

Requisition #722 in the amount of \$177,933.75 was presented to the Board for re-approval; and Requisition #723 in the amount of \$29,118.21 was presented to the Board for approval; and Requisition #724 in the amount of \$135,426.95 was presented to the Board for approval.

Following review, motion was made by Calvin Hatfield approving the Requisitions as presented for payment. Joe Miller seconded the motion that was approved by unanimous vote.

**CUSTOMER ADJUSTMENT REQUESTS**

Mr. McNulty presented the customer adjustment requests as outlined below.

Name/Address	Water	Sewer	Action
Darin McCallister 116 McCloud Road	\$65.46	---	Approved

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
**MINUTES**

25 April 2006

Page 2

Joseph Sullivan 141 Scott Lane	\$42.63	\$79.19	Approved
Second Time Around Putnam Village Around #30	\$62.74	\$118.79	Approved
Second Time Around Putnam Village Around #30	\$51.93	\$97.52	Approved
Sidney Linville 15 Cabern Drive	\$26.72	\$49.65	Approved
Anoway Smith 13 Williarose Drive	---	\$70.92	Approved

Following review, motion was made by Calvin Hatfield approving the customer adjustment requests as presented. Joe Miller seconded the motion that was approved by unanimous vote.

**OLD BUSINESS**

**WVDOH Projects**

No report was presented.

**Sewer Interceptor /TIF District Project**

Mr. McNulty informed the Board that the new sewage lift station was in operation and working as designed.

**Kanawha Valley Sewer Project**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of presenting a Resolution authorizing the issuance by South Putnam Public Service District of its Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$4,946,000 and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) in the amount of \$2,104,000 to finance the acquisition and construction of certain improvements, extensions and betterments to the District's existing sewage treatment and collection system.

Following review, motion was made by Calvin Hatfield approving the Resolution as presented by Mr. Stump. Joe Miller seconded the motion that was approved by unanimous vote.

*Note: A copy of the Resolution is attached to these minutes.*

**Project Finances:**

Mr. Mercer presented Payment Requisition #1 in the amount of \$2,850.00, payable to South Putnam PSD from the KV-Midway Sewer Project account.

Following review, motion was made by Calvin Hatfield approving Requisition #1 in the amount of \$2,850.00 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

Mr. Mercer presented Payment Requisition #1 in the amount of \$1,800.00, payable to South Putnam PSD from the Midway Sewer Project account.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
MINUTES

25 April 2006

Page 3

---

Following review, motion was made by Calvin Hatfield approving Requisition #1 in the amount of \$1,800.00 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

**Water System Improvement Project**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of presenting a Resolution authorizing the issuance by South Putnam Public Service District of its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$8,190,000 to finance the payment of the District's Waterworks System Bond Anticipation Notes, Series 2004 B and the acquisition and construction of certain improvements, extensions and betterments to the District's existing water treatment and distribution system.

Following review, motion was made by Calvin Hatfield approving the Resolution as presented by Mr. Stump. Joe Miller seconded the motion that was approved by unanimous vote.

*Note: A copy of the Resolution is attached to these minutes.*

**Project Finances:**

Mr. Mercer presented Payment Requisition #1 in the amount of \$4,950.00, payable to South Putnam PSD from the WSI Construction account.

Following review, motion was made by Calvin Hatfield approving Requisition # in the amount of \$4,950.00 as presented by Staff. Joe Miller seconded the motion that was approved by unanimous vote.

**Vintroux Hollow/Teays Hollow Project**

Mr. McNulty informed the Board that Joe Carney, P.E., EL Robinson Engineering has delivered a copy of the proposed contract for engineering services for Staff's review and recommendation.

**Great Teays Maintenance Facility**

Mr. McNulty informed the Board that EL Robinson Engineering was gathering additional information prior to presenting a proposed contract for engineering services.

**NEW BUSINESS**

**Developer Plans**

No Developer Plans were presented.

**OTHER BUSINESS**

**Board Meeting Dates**

Mr. McNulty informed the Board that the regular scheduled Board meeting dates during the month of May are in conflict with Election Day and the WV Chapter of the American Water Works Association Conference.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
**MINUTES**

25 April 2006

Page 4

---

Upon review, Calvin Hatfield made the motion to reschedule the Board meeting dates for the month of May to Wednesday, May 10, 2006 at 7:00 pm and Tuesday, May 30, 2006 at 7:00 pm. Joe Miller seconded the motion that was approved by unanimous vote.

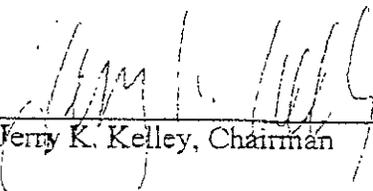
**EXECUTIVE SESSION**

At 8:55 pm, motion was made by Calvin Hatfield recessing the regular meeting and enter into Executive Session for the purpose of discussing a personnel matter. Joe Miller seconded the motion that was approved by unanimous vote.

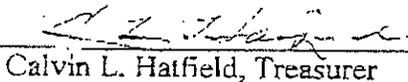
At 9:30 pm, motion was made by Calvin Hatfield to reconvene the regular meeting. Joe Miller seconded the motion that was approved by unanimous vote.

**ADJOURNMENT**

There being no further business, motion was made by Calvin Hatfield adjourning the regular meeting at 9:35 p.m. Joe Miller seconded the motion that was approved by unanimous vote.

  
\_\_\_\_\_  
Jerry K. Kelley, Chairman

  
\_\_\_\_\_  
Joe F. Miller, Secretary

  
\_\_\_\_\_  
Calvin L. Hatfield, Treasurer

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
**Regular Meeting of the PSD Board**  
**10 May 2006**

**MINUTES**

Chairman Jerry Kelley called to order the regular meeting of the PSD Board with Board members Joc Miller and Calvin Hatfield present. Staff members present included Mike McNulty, David Mercer, and Jason Henderson.

**RECOGNITION OF GUESTS**

The Board recognized John Stump, Steptoc & Johnson, Teresa Miller USDA RUS, Bob Rodecker, Esquire and Ralph Bassett, Esquire/CPA.

**CHANGE IN ORDER OF THE AGENDA**

Without objection, Chairman Kelley announced that due to time constraints, the Board would not follow the Agenda in any particular order and would take up other business items as time permitted.

**KANAWHA VALLEY / MIDWAY SEWER PROJECT**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of discussing a Supplemental Resolution authorizing the issuance by South Putnam Public Service District of its Sewer Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$4,946,000 and Sewer Revenue Bonds, Series 2006 B (United States Department of Agriculture) in the amount of \$2,104,000 to finance the acquisition and construction of certain improvements, extensions and betterments to the District's existing sewage collection system.

Thereupon, the Chairman presented a proposed Supplemental Resolution in writing entitled:

**SUPPLEMENTAL RESOLUTION APPROVING THE CONFORMED BOND RESOLUTION;  
AND MAKING OTHER PROVISIONS AS TO THE BONDS.**

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Calvin Hatfield and seconded by Joe Miller, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Immediately following the adoption of the Supplemental Resolution, the Board executed the closing documents for the Sewer Revenue Bonds.

**Project Finances:**

Mr. Henderson presented Payment Requisition #2 MIDWAY SEWER PROJECT in the amount of \$363,515.00 payable to the Putnam County Bank for project interim loan repayment.

Following review, Calvin Hatfield made the motion to approve Payment Requisition #2 MIDWAY SEWER PROJECT in the amount of \$363,515.00. Joe Miller seconded the motion that was approved by unanimous vote.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

Regular Meeting of the PSD Board

10 May 2006

MINUTES

Page 2

Mr. Henderson presented Payment Requisition #2 KV-MIDWAY SEWER PROJECT in the amount of \$135,485.00 payable to the Putnam County Bank for project interim loan repayment.

Following review, Calvin Hatfield made the motion to approve Payment Requisition #2 KV-MIDWAY SEWER PROJECT in the amount of \$135,485.00. Joe Miller seconded the motion that was approved by unanimous vote.

**MINUTES OF PREVIOUS MEETING**

Motion was made by Calvin Hatfield approving the Minutes of the April 25, 2006 regular meeting of the PSD Board that were provided to the Board prior to the meeting for review. Joe Miller seconded the motion that was approved by unanimous vote.

**FINANCIAL REPORT & PAYMENT OF REQUISITIONS**

A status report of the District's bank accounts was provided to the Board at the meeting for review.

Requisition #724 in the amount of \$138,873.09 was presented to the Board for re-approval; and Requisition #725 in the amount of \$170,865.32 was presented to the Board for approval; and Requisition #726 in the amount of \$120,813.53 was presented to the Board for approval.

Following review, motion was made by Calvin Hatfield approving the Requisitions as presented for payment. Joe Miller seconded the motion that was approved by unanimous vote.

**CUSTOMER ADJUSTMENT REQUESTS**

Mr. McNulty presented the customer adjustment requests as outlined below.

Name/Address	Water	Sewer	Action
Joseph King RR 62 Bancroft	---	\$13.03	Approved
Elizabeth Baptist Church 410 Washington Ave.	---	\$170.05	Approved
Denver Sowards Rt. 4, Box 224 Hurricane Ck.	\$34.68	---	Approved
Paul Walker 3615 Brookshire Dr.	\$53.09	\$98.70	Approved
Penny Grose 28 Poplar Hills	\$28.32	\$52.60	Approved
Penny Grose 28 Poplar Hills	\$12.73	\$23.64	Approved

Following review, motion was made by Calvin Hatfield approving the customer adjustment requests as presented. Joe Miller seconded the motion that was approved by unanimous vote.

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT**  
Regular Meeting of the PSD Board  
MINUTES

10 May 2006

Page 3

**Water System Improvement Project**

Chairman Kelley recognized John Stump, District's Bond Counsel, for the purpose of discussing a Supplemental Resolution authorizing the issuance by South Putnam Public Service District of its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture) in the amount of \$8,190,000 to finance the payment of the District's Waterworks System Bond Anticipation Notes, Series 2004 B and the acquisition and construction of certain improvements, extensions and betterments to the District's existing water treatment and distribution system.

Thereupon, the Chairman presented a proposed Supplemental Resolution in writing entitled:

**SUPPLEMENTAL RESOLUTION APPROVING THE CONFORMED BOND RESOLUTION;  
AND MAKING OTHER PROVISIONS AS TO THE BONDS.**

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Calvin Hatfield and seconded by Joe Miller, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Immediately following the adoption of the Supplemental Resolution, the Board executed the closing documents for the Water Revenue Bonds.

**Project Finances**

Mr. Henderson presented Payment Requisition #2 WSI CONSTRUCTION in the amount of \$895,657.64 payable to Putnam County Bank, \$599,000.00; WV Municipal Bond Commission \$120,000.00 and Bell Engineering \$176,657.64.

Following review, motion was made by Calvin Hatfield approving Payment Requisition #2 WSI CONSTRUCTION in the amount of \$895,657.64. Joe Miller seconded the motion that was approved by unanimous vote.

**Owner-Engineer Agreement**

Mr. Henderson presented Amendment No.2 to Owner-Engineer Agreement as it relates to Scope Changes/Service Changes.

Following review, Calvin Hatfield made the motion to approve Amendment No. 2 to Owner-Engineer Agreement. Joe Miller seconded the motion that was approved by unanimous vote.

**OLD BUSINESS**

**WVDOH Projects**

**Project Finances:**

Mr. Henderson presented WVDOH Partial Invoice No. 8 in the amount of \$4,534.30 for Engineering and SPPSD Expenses.

Following review, motion was made by Calvin Hatfield approving WVDOH Partial Invoice No. 8 in the amount of \$4,534.30. Joe Miller seconded the motion that was approved by unanimous vote.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Regular Meeting of the PSD Board  
MINUTES

10 May 2006

Page 4

---

**Sewer Interceptor /TIF District Project**

Project Finances:

Mr. Henderson presented Resolution No. 10 for approval of \$153,738.08 for project engineering and construction services.

Following review, motion was made by Calvin Hatfield approving Resolution No. 10 as presented in the amount of \$153,738.08. Joe Miller seconded the motion that was approved by unanimous vote.

Mr. Henderson presented Payment Requisition No. 10 in the amount of \$153,738.08.

Following review, motion was made by Calvin Hatfield approving Payment Requisition No. 10 in the amount of \$153,738.08. Joe Miller seconded the motion that was approved by unanimous vote.

**North Putnam Sewer Project**

Mr. McNulty informed the Board that Staff was working with Dan Bailey, US Army Corps of Engineers, on reimbursement for engineering design services related to the project.

Project Finances

Mr. Henderson presented Payment Requisition #37 in the amount of \$5000.00 payable to Cultural Resource Analysts, Inc. for archeological services.

Following review, motion was made by Calvin Hatfield approving Payment Requisition #37 in the amount of \$5,000.00. Joe Miller seconded the motion that was approved by unanimous vote.

**Vintroux Hollow/Teays Hollow Project**

No information was presented.

**Great Teays Maintenance Facility**

Mr. McNulty informed the Board that he had met with Eric Cobcrly, EL Robinson Engineering and would be working on having a contract for review within the next couple of weeks.

**NEW BUSINESS**

**Developer Plans**

No Developer Plans were presented.

**OTHER BUSINESS**

Chairman Kelley recognized Bob Rodcker, District's Public Service Commission Legal Counsel, to give a presentation on the District's intervention in the West Virginia American Water *Demand-Based Sale for Resale Tariff* case. Mr. Rodcker explained the advantages gained by intervening into the case and discussed the details of the settlement between the parties.

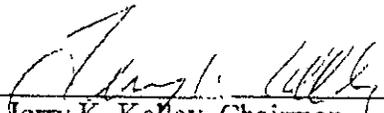
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
Regular Meeting of the PSD Board  
MINUTES

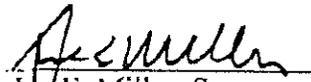
10 May 2006

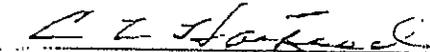
Page 5

**ADJOURNMENT**

There being no further business, motion was made by Calvin Hatfield adjourning the regular meeting at 9:45 p.m. Joe Miller seconded the motion that was approved by unanimous vote.

  
Terry K. Kelley, Chairman

  
Joe E. Miller, Secretary

  
Calvin L. Hatfield, Treasurer



WV MUNICIPAL BOND COMMISSION  
 8 Capitol Street  
 Suite 500, Terminal Building  
 Charleston, WV 25301  
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: May 12, 2006

ISSUE: South Putnam Public Service District Water Revenue Bonds, Series 2006 A (United States Department of Agriculture)

ADDRESS: 107 South Poplar Fork Road, Scott Depot, West Virginia 25921 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X  
 Refunding: X

REFUNDS ISSUE(S) DATED: June 18, 2004

ISSUE DATE: May 12, 2006

CLOSING DATE: May 12, 2006

ISSUE AMOUNT: \$8,190,000

RATE: N/A

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A

PAYING AGENT: Issuer

**BOND**

COUNSEL: Stephoe & Johnson PLLC  
 Contact Person: John C. Stump, Esquire  
 Phone: (304) 353-8196

**UNDERWRITERS**

COUNSEL: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

CLOSING BANK: N/A  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

ESCROW TRUSTEE: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

**KNOWLEDGEABLE ISSUER CONTACT**

Contact Person: Mike McNulty, P.E.  
 Position: General Manager  
 Phone: (304) 757-6551

**OTHER: United States Department of Agriculture**

Contact Person: Teresa Miller  
 Function: Rural Development Specialist  
 Phone: (304) 252-8644

**DEPOSITS TO MBC AT CLOSE:**

By: \_\_\_\_\_ Wire  
 \_\_\_\_\_ X Check

Accrued Interest: \$ \_\_\_\_\_  
 Capitalized Interest: \$ \_\_\_\_\_  
 Reserve Account: \$ \_\_\_\_\_  
X Other: Series 2004 B Notes \$ 120,000 \*

**REFUNDS & TRANSFERS BY MBC AT CLOSE**

By: \_\_\_\_\_ Wire  
 \_\_\_\_\_ Check  
 \_\_\_\_\_ IGT

To Escrow Trustee: \$ \_\_\_\_\_  
 To Issuer: \$ \_\_\_\_\_  
 To Cons. Invest. Fund: \$ \_\_\_\_\_  
 To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2006 A Bonds Reserve Account. Payments to the Series 2006 A Bonds Reserve Account will commence upon completion of construction.

\* The Issuer will forward the remaining principal and interest payment of \$410, plus adm. fees of \$276.94

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS REQUIRED: \_\_\_\_\_  
 TRANSFERS REQUIRED: \_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

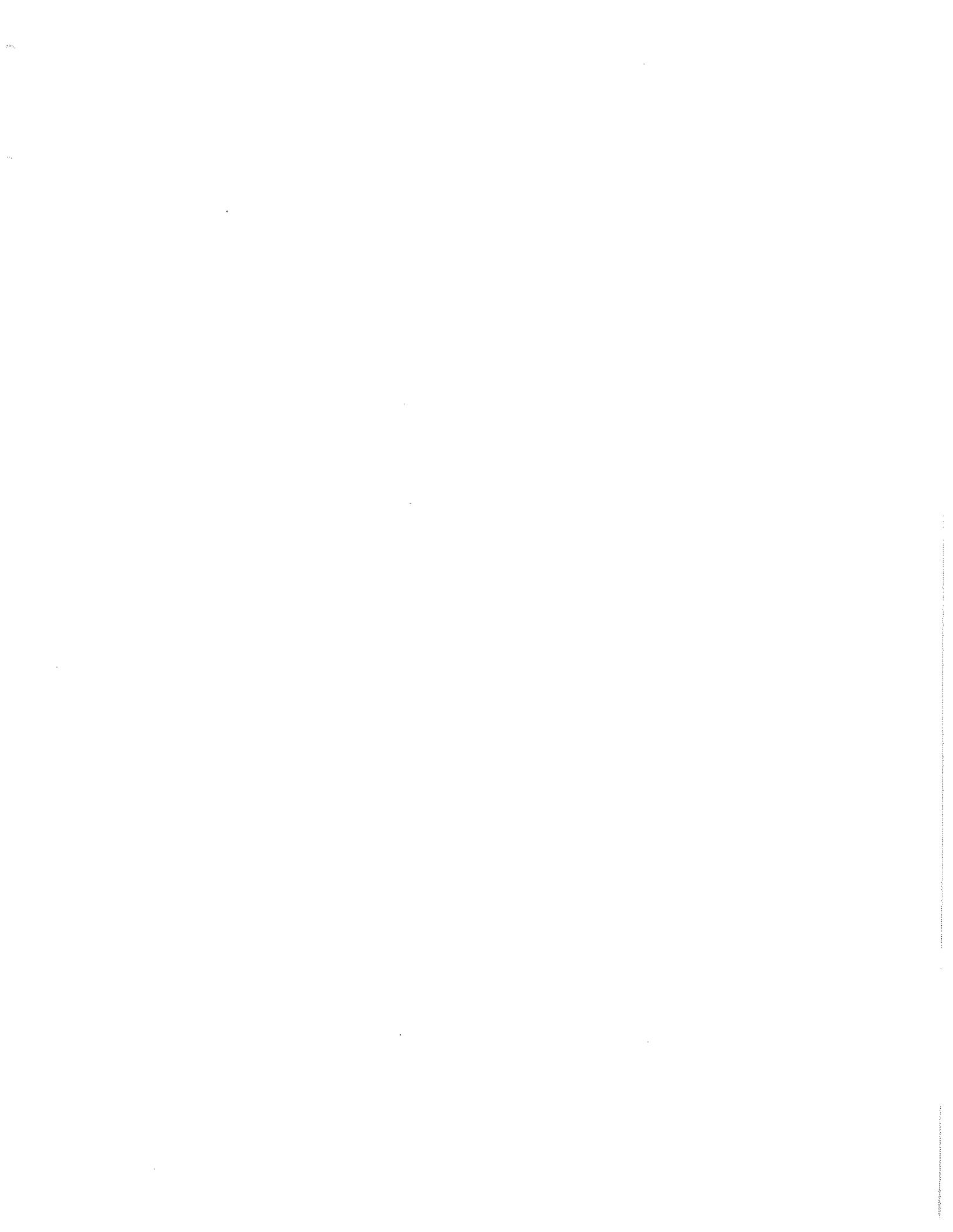
1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.



PSD

**USDA** UNITED STATES DEPARTMENT OF AGRICULTURE  
**RURAL DEVELOPMENT**

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500  
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

*WATER PROJECT*

June 7, 2005

Jerry Kelley, Chairman  
South Putnam Public Service District  
P.O. Box 147  
Scott Depot, WV 25560

Dear Mr. Kelley:

This letter with Attachments 1 through 6 and enclosures, establishes conditions which you must understand and agree to before further consideration may be given to your application. The State and Area staff of USDA, Rural Development will administer the loan on behalf of the Rural Utilities Service (RUS). You must report any changes in project cost, source of funds, scope of services, or any other significant changes in the project to USDA, Rural Development for review and approval. A written amendment to this letter will be prepared for any changes approved. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

You may be required to refinance (graduate) the unpaid balance of your RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at [www.usda.gov/rus/water/](http://www.usda.gov/rus/water/) for the following:

- a. RUS Instruction 1780
- b. RUS Bulletin 1780-13, "Construction Contract Documents – Standard Form"
- c. RUS Bulletin 1780-14, "Supplemental General Conditions"
- d. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
- e. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
- f. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

[Http://www.rurdev.usda.gov/wv](http://www.rurdev.usda.gov/wv)



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer  
Complaints of discrimination should be sent to: USDA Director, Office of Civil Rights, Washington, D.C. 20250-9410

**COMMITTED TO THE FUTURE OF RURAL COMMUNITIES**

The enclosures and attachments listed below are attached to your copy of this letter as noted. Enclosed are the following:

- Attachment No. 1 – Water and Waste Processing Checklist
- Attachment No. 2 - Government Auditing Standards (Revision 2003)
- Attachment No. 3 – Form FmHA 442-3, “Balance Sheet”
- Attachment No. 4 – Form FmHA 442-2, “Statement of Budget, Income and Equity” (Accountant Copy for all three of these attachments)
- Attachment No. 5 - Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 6 - Declination Statement (Applicant and Attorney Copies)

The conditions referred to above are as follows:

1. Project Budget – Funding from all sources has been budgeted for the estimated expenditures as follows:

<u>Project Costs:</u>	<u>Total Budgeted:</u>
Construction	\$5,376,439
Construction Contingency	537,640
Land and Rights-of-Way	130,000
Legal Fees	35,000
Engineering Fees	840,780
Basic           \$470,780	
Insp.           252,000	
Add'l.        118,000	
Bond Counsel	40,000
Interest	600,000
Administration	60,000
Interim Financing	60,000
Project Contingency	198,141
Equipment	312,000
<b>TOTALS</b>	<b>\$8,190,000</b>

2. Project Funds - The project funding is planned in the form of a loan from the following sources and amounts:

<u>Project Funding Source:</u>	<u>Funding Amount:</u>
RUS Loan	\$8,190,000
<i>Total Project Funding (All Sources):</i>	<i>\$8,190,000</i>

Any changes in funding sources following obligation of RUS funds must be reported to the processing official. You must assure that all project funds are expended only for the eligible items included in the project budget of this letter of conditions or as amended by RUS in writing at a later date.

Any remaining RUS loan funds will be applied as an extra payment on your loan.

3. Disbursement of Funds - The RUS funds or interim financing will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your entity, over 30 day periods. Funds will be disbursed by electronic transfer of funds. Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing for review and approval.

You must establish a separate fund, to be known and hereafter referred to as the Construction Account, with a participating 31 CFR Part 202 collateral depository, federal agency, or Federal Reserve Bank acting as a fiscal agent in the United States. All project funds will be deposited into this account. The account shall be used solely for the purpose of paying authorized costs of the project as outlined in the project budget. Once the funds are deposited into the construction account, they become your responsibility. Financial institutions or depositories accepting deposits of public funds and providing other financial agency services to the Federal Government are required to pledge adequate, acceptable securities as collateral. General requirements for designating depositories and regulations governing the pledging of collateral are identified in 31 CFR Part 202 ("Depositories and Financial Agents of the Federal Government"). Treasury's current acceptability and valuation requirements are identified in 31 CFR Part 380 ("Collateral Acceptability and Valuation") and specific eligibility and valuation guidance is provided in Treasury's procedural instructions and on Treasury's Bureau of the Public Debt website at [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov). 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 at any one time.

4. Security - The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.

The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 2 year(s) will consist of interest only. Payments for the remaining 38 years will be equal amortized monthly installments. For planning purposes use a 4.125% interest rate and a monthly amortization factor of 0.00443, which provides for a monthly payment of \$36,282.00.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. The payment due date will be established as the day that the loan closes. Interest only payments during the 24 month deferral period will be advanced to you from the RUS loan project funds on an annual basis.

You will be required to complete SF-5510, Authorization Agreement for Preauthorized Payments, if you participate for all new and existing indebtedness to RUS. It will allow for your payment to be electronically debited from your account on the day your payment is due.

6. Reserves – Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs, and assist with debt service should the need arise. Reserves can also be established and maintained for the anticipated and expected expenses including but not limited to operation and maintenance, customer deposits, and depreciation of short-lived assets.

It has been determined as part of this funding proposal that you have sufficient funds to establish reserves for the following purposes and amounts:

Existing Debt Service Reserve (WDA loans)	\$747,624
	(funded with \$112,143 annually)

As a part of this RUS loan proposal you must establish and fund monthly a debt service reserve fund equal to 10% of the monthly payment each month over the life of the loan until you accumulate one annual installment. This reserve is required to establish an emergency fund for debt repayment should the need arise. Ten percent of the proposed loan installment would equal \$43,538 per ~~month~~ <sup>year</sup>.

7. Users – This letter of conditions is based upon you providing evidence or a certification that there will be at least 7920 (7884 existing and 36 new, which is 80% of potential 45 new customers) bona fide users on the existing and proposed system when construction has been completed. The RUS loan commitment is based on providing service to 2 large volume users.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence or a certification that the total required number of bona fide users are currently using the system or signed up to use the system. You must provide evidence or a certification to show those users will actually be connected to the system when the project is completed and that the monthly water usage projected for each by the engineer is reasonable. In the event any of the large volume users discontinue the offered service, you must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having those users on the system.

Water User Agreements: Evidence attesting to the number of users will be required prior to advertisement for construction bids will include the enclosed Water Users Agreement or similar agreement approved by RUS. 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 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.

Information and material evidencing compliance with this requirement must consist of: (1) your written certification as to the number of existing users (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.

The connection charges will be as follows:

Prior to Construction - \$100.00. After construction, there shall be a charge of \$300.00 for connection to the system.

You must provide a positive program to encourage connection by all users as soon as service is available. The program will be reviewed and approved by the processing office prior to advertisement for bids. The program shall include:

- An aggressive information program to be carried out during the construction period. You should send written notification to all signed users in advance of the date service will be available, stating the date users will be expected to have their connections completed, and the date user charges will begin.
- Positive steps to assure that installation services will be available. These may be provided by the contractor installing the system, local plumbing companies, or local contractors.
- Aggressive action to see that all signed users can finance their connections.

8. Income Available – You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves.

9. Delayed Payment Penalty

On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount due.

If any bill is not paid within sixty (60) days after the due date, service to the customer will be discontinued. Service will not be restored until all past due bills have been paid in full and all accrued penalties plus a reconnection charge have been paid. The reconnection charge will be \$25.00 except where West Virginia-American Water charges the PSD \$20.00 to turn the meter off and \$20.00 to turn the meter back on, in which case the charge shall be \$40.00.

10. Operation and Maintenance Expenses – O&M expenses must be properly budgeted to determine the financial viability of any operation. For planning purposes, we have projected O&M expenses based on the information provided in the preliminary engineering report which should be representative of a typical year. This information is utilized to determine loan repayment and is reflected in the operating budget. It is expected that O&M will change over each successive year and user rates will need to be adjusted for the need.

11. Proposed Operating Budget and User Rate Analysis - You will be required to submit a copy of your proposed annual operating budget and rate analysis to this office which supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow subject to completion of this project in the first full year of operation. The rate analysis will be required to show the number of users, their average consumption based on a twelve month consecutive average, and rate structure to support the necessary revenue to make the operating budget cash flow. For your project, the Rule 42 Exhibit that was submitted to the West Virginia Public Service Commission, along the Public Service Commission's final order regarding your rate increase may be utilized for this purpose.

12. 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. RUS 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 RUS to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.
- a. General Liability Insurance – 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. You should have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). The coverage may be increased during construction of this project based on the anticipated monthly advances. The amount of coverage should be discussed and approved by RUS.
  - d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
    - (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
    - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
  - e. Real Property Insurance – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured and subsurface lift stations except for the value of electrical and pumping equipment. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.
14. Accounting Services - You may be required to obtain the services of an independent licensed Certified Public Accountant (CPA). When permitted by state statutes or with the approval of RUS, a state or Federal auditor may perform the audit in lieu of a CPA. A CPA will be considered independent if the CPA:
- a. Meets the standards for independence contained in the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct in effect at the time the CPA's independence is under review:
  - b. Does not have any direct financial interest or any material indirect financial interest in the borrower during the period covered by the audit; and
  - c. Is not, during the period of the audit, connected with the borrower as a promoter, underwriter, trustee, director, officer or employee.

Audit Agreement: You must enter into a written audit agreement with the auditor and submit a copy to RUS prior to advertisement of bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate; however, the agreement should include the following:

1. A statement that the auditor will perform and document the audit work in accordance with Generally Accepted Government Auditing Standards, (GAGAS), as outlined in the attached booklet, "Government Auditing Standards (Revised 2003)" (Attachment No. 2), and the professional standards of the AICPA;
2. A statement that the auditor will submit the completed audit and accompanying letters to your governing body 30 days prior to the date the audit is due to RUS;
3. A statement that the auditor will make all audit-related documents, including work papers, available to RUS or its representatives, upon request; and
4. A statement that the auditor will immediately report, in writing, all irregularities and illegal acts to your governing body and the Agency.

Prior to loan closing, your accountant must certify to you and RUS that the accounts and records as required by your bond resolution have been established and are operational.

Quality Review Requirement: As required by GAGAS, the auditor must belong to and participate in an external quality review program and provide you with a copy of the most recent quality review report. These reviews are performed every 3 years by an independent organization to determine if the auditor is following established audit procedures and applicable auditing standards.

Audit Requirements: The following management data will be required from you on an annual basis and be submitted to RUS as specified below:

1. A borrower that expends \$500,000 or more in Federal financial assistance per fiscal year shall submit an audit performed in accordance with the requirements of OMB Circular A-133. As described above, the total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Projects financed with interim financing are considered federal expenditures. OMB Circular A-133 audits shall be submitted no later than 9 months after the end of the fiscal year. In addition to submitting two (2) copies of the audit report to RUS, the borrower is also required to submit copies of OMB Circular A-133 audits, accompanying audit letters (the "reporting package"), and the Data Collection Form to the Federal clearinghouse designated by OMB to retain as an archival copy. The Federal clearinghouse address is: Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, Indiana 47132. RUS Bulletin 1780-31, outlines the requirements of OMB Circular A-133 audits.
2. A borrower that expends less than \$500,000 in Federal financial assistance per fiscal year and an outstanding RUS loan balance of \$1,000,000 or more, shall submit an audit performed in accordance with Water and Waste audit requirements (i.e., a GAGAS audit). These audits shall be submitted to RUS no later than 150 days after the end of the fiscal year. Two (2) copies of the audit report are required by RUS. An audit performed in accordance with Water and Waste audit requirements should not be submitted to the Federal clearinghouse. RUS Bulletin 1780-30, outlines the requirements for Water Programs Audits.
3. A borrower that expends less than \$500,000 in Federal financial assistance per fiscal year and has an outstanding RUS loan balance of less than \$1,000,000 may submit a management report in lieu of an audit report unless notified by RUS otherwise. Management reports shall be submitted to RUS no later than 60 days after the end of the fiscal year. A year-end

management report shall consist of: Form FmHA 442-3, "Balance Sheet", (Attachment No. 3) and Form FmHA 442-2, "Statement of Budget, Income and Equity", (Attachment No. 4) or forms that provide the information in a similar format. Form FmHA 442-2 should have Schedule 1, all Columns completed on page 1, and page 2. Schedule 2 is not required for year end reports. An annual audit report must be submitted in lieu of Forms RD 442-2 and 442-3. The audit report must be submitted no later than 150 days after the end of the borrower's fiscal year.

Compensation for preparation of the A-133 audit or your annual audit is not included in project funds and should be paid from the operational revenues generated from your system operation.

Annual Budget and Projected Cash Flow: Thirty days prior to the beginning of each fiscal year, you will be required to submit an annual budget and projected cash flow to this office. You should submit two copies of Form RD 442-2, Statement of Budget, Income and Equity, (Attachment No. 4), Schedule 1, page 1; and Schedule 2, Projected Cash Flow. The only data required at this time on Schedule 1, page 1, is Columns 2 & 3. All of Schedule 1, page 2 and Schedule 2, Projected Cash Flow will be required. With the submission of the annual budget, you will be required to provide a current rate schedule, a current listing of the Board or Counsel members and terms.

Quarterly Reports – Borrowers receiving their first loan from RUS, will be required to submit two copies of Form RD 442-2, Schedule 1, page 1, columns 2-6, as appropriate, and page 2. This information should be received in the servicing office thirty days after the end of each of the first three quarters of the fiscal year.

15. Legal Services – RUS must review the "Legal Services Agreement." The agreement(s) will be accepted and approved by separate letter. Project funding included for this purpose is outlined in the paragraph on "Project Funding."
16. Property Rights - 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. Acquisitions of necessary land and rights must be accomplished in accordance with the Relocation and Real Property Acquisition Act. 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. Preliminary Title Work - 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. A separate Form RD 1927-9, "Preliminary Title Opinion" may be used for each property to be acquired.

In the case of your existing system or where you have already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

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.

A narrative opinion from your attorney concerning all permits, certificates, licenses and other items necessary to show that all legal requirements can be met and stating how they will be met.

- c. Final Title Work - On the day of loan closing, your attorney must furnish a separate final title opinion on all existing land(s) and those to be acquired on the day of loan closing. Form RD 1927-10, "Final Title Opinion" may be used.

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 must be provided showing no exceptions.

17. Engineering Services – RUS must approve any agreements or modifications to agreements for professional design services. The agreement for engineering services should consist of the EJCDC documents as indicated in RUS Bulletin 1780-26 or other approved form of agreement.
18. Resident Inspector – Resident inspection is required for this project in accordance with the RUS approved engineering agreement. This service is to be provided by the consulting engineer or other arrangements as approved by RUS. Prior to the pre-construction conference, a resume of qualifications of the resident inspector(s) will be submitted to the owner and RUS for review and approval. The owner will provide a letter of acceptance for all proposed inspectors to the engineer and RUS. The resident inspector(s) must also attend the pre-construction conference.
19. 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. The following list of action(s) are required for successful completion of the project and must be adhered to during project design and construction.
    - Important Farmland Mitigation – Mulching and reseeding the disturbed areas with vegetation equivalent to preconstruction vegetation will mitigate the effects of the temporary disturbance.
    - Flood Plain Mitigation – No storage of equipment or supplies will be permitted in the flood plain area.
    - Biological Resources Mitigation – Destruction of trees will be limited to those necessary for the construction of the project. Destruction of wooded area is expected to be approximately 6.5 acres.
    - Cultural Resources Mitigation – South Putnam PSD contracted to have a Phase I Archaeological Survey conducted, as required by the WV SHPO. The survey recommended that no additional investigations be completed for the project area. In the event that human remains or intact archaeological deposits are identified during the course of pipeline, tank or booster installment, work in the area of discovery will cease and the WV SHPO will be contacted.
    - Noise Control Mitigation – While working in a residential area, work will be limited to the hours between 7:00 A.M. and 5:00 P.M.

- Public Land Corporation Requirements –

- No in stream work during the fish-spawning season (April 1 – June 30).
- The pipeline must be buried at least three feet.
- Any streambed disturbance should be restricted to the immediate area. In stream use of equipment should be kept to a minimum.
- All shore areas disturbed by this operation must be reshaped, seeded and mulched immediately upon completion of work. The prompt establishment of vegetative cover will reduce future damage from high water levels.
- Green concrete must not be put in the stream (highly toxic to aquatic life).
- Amount of stream side vegetation disturbed should be kept to a minimum.
- Best management practices should be followed; measures such as hay bales must be used to reduce downstream situation.
- Any plastic pipeline under four-inch in diameter shall be encased in a metal conduit.
- The State's issuance of a license and right of entry does not provide for the applicant to work outside the requested boundaries nor does the State assume any liability for the applicant's/landowner's construction activities. By accepting this license and right of entry the applicant/landowner assumes liability for any/all damages caused by this activity to both upstream and downstream landowners.
- Guidelines of Best Management Practices for Sediment and Erosion Control as outlined by the Section of Water Resources, Division of Environmental Protection must be followed. Copies of those guidelines are available from the Section of Water Resources, 1201 Greenbrier Street, Charleston, WV 25311. Telephone (304) 558-2108.

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.

20. 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:

- Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

21. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the EJCDC Construction Contract Documents as indicated in RUS Bulletin 1780-26 or other approved form of agreement.
- b. The contract documents and final plans and specifications must be submitted to RUS for approval.
- c. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

22. Applicable State Statutes and Requirements -

Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.

23. Processing Forms - At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

- Form RD 400-1 - "Equal Opportunity Agreement"
  - Form RD 400-4 - "Assurance Agreement"
  - Form AD 1047 - "Certification Regarding Debarment, Suspension and other Responsibility Matters"
  - Form AD 1049 - "Certification Regarding Drug-Free Workplace Requirements"
  - Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
  - FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
  - Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
  - RUS Bulletin 1780-22, "Eligibility Certification"
  - RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
  - Form RD 1940-1 - "Request for Obligation of Funds"
- Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

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.

24. 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 RUS financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

RUS financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

25. Bid Authorization - Once all the conditions outlined in this letter have been met, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) bid tabulation, and (b) your engineer's evaluation of bids and recommendations for contract awards. No notice of award will be issued until RD concurs with the engineer's recommendations. If RD agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued to you setting forth any further requirements that must be met before the loan can be closed. Obligated loan funds not needed to complete the proposed project will be deobligated prior to construction.
26. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.
27. Cost Overruns – Cost overruns must be due to high bids or unexpected construction problems that cannot be reduced by negotiations, redesign, use of bid alternatives, rebidding or other means prior to consideration by Rural Development for subsequent funding. Such requests will be contingent on the availability of funds. Cost overruns exceeding 20% of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.
28. Use of Remaining Funds – Applicant contributions and connection or tap fees 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:
  - Remaining funds may be used for eligible loan purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan remains the same.
  - RUS loan funds that are not needed will be applied as an extra payment on the RUS indebtedness unless other disposition is required by the bond ordinance, resolution, or State statute.

If the conditions set forth in this letter are not met within 12 months from the date of this letter, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within 12 months and it is determined the applicant still wishes to proceed, it may be necessary to review the conditions outlined in this letter. If during that review, it is determined the conditions outlined are no longer adequate, RUS reserves the right to require that the letter of conditions be revised or replaced.

We believe the information in this letter clearly sets forth the conditions which must be complied with; however, this letter does not relieve you from meeting the requirements of RUS Instruction 1780. If you have any questions, please do not hesitate to contact me.

Sincerely yours,

  
ROBERT M. STEPTOE III  
State Director

Attachments

cc: Area Director, Beckley  
ATTN: Rural Development Specialist, RUS

Ralph Bassett, CPA  
1156 South Main Street  
Milton, WV 25541

Step toe and Johnson, Attorneys at Law  
P.O. Box 1588  
Charleston, WV 25326

Howard K. Bell, Consulting Engineers, Inc.  
P.O. Box 266  
3983 Teays Valley Road, Suite 202  
Hurricane, WV 25526

David Moye, Attorney at Law  
P. O. Box 1074  
Hurricane, WV 25526

UNITED STATES DEPARTMENT OF AGRICULTURE  
 RURAL UTILITIES SERVICE  
 Water and Waste Processing Checklist

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
	DUNS Number	1		Applicant		Have	3
	CAIVRS Number	1		RUS		Have	CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		Have	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		Have	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS			1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS		HAVE	3
	Environmental Report	2	1794	Applicant		Have	3
	Environmental Assessment	2	1794	RUS/ Engineer		Have	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		Have	3
	Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have
Staff Engineer PER Review		1	1780.33(c)	RUS		Have	3
Bill Analysis for existing system(s)		2	1780.33(c)	Applicant/ Engineer		Have	8
Projected Bill Analysis for New Users		2	1780.33(c)	Applicant/ Engineer		Have	8
Statement reporting the <u>total</u> number of <u>potential</u> users			1780.33(c)	Applicant/ Engineer			8
Rate Tariff		2	1780.33	Applicant		Have	8
Applicant's IRS Tax Number(TIN)		1	1780.33(g)	Applicant		Have	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
Automated Form	Loan Determination	3	1780.35(b)	RUS		Have	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		HAVE	2
CPAP Form	Project Information	3	1780.41(a)	RUS			1
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant		HAVE	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant		HAVE	3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS		HAVE	3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant		HAVE	5
* 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		HAVE	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		HAVE	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		HAVE	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	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			

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documenta- tion	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6

<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>
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5



KS  
APR 04 2006  
[Handwritten initials]

United States Department of Agriculture  
Rural Development  
West Virginia State Office

TO: Stephen Wetherbee, Area Director  
ATTN: Teresa A. Miller, Rural Development Specialist  
Beckley, WV

DATE: March 31, 2006

SUBJECT: South Putnam Public Service District (Water)  
(RUS Loan - \$8,190,000)  
Closing Instructions

The subject loan and grant must be handled and closed in accordance with the following. Reference is made to your letter of conditions dated June 7, 2005. All of the requirements of that letter must be met and in addition, the loan and grant must be closed in accordance with (1) RD Instruction 1942-A and RUS Instruction 1780, (2) the attached "Closing Guidelines for Community Facilities Loans to Public Bodies," and (3) any specific instructions issued by the Office of the General Counsel and attached hereto.

Prior to loan and grant closing, you should be certain the docket contains copies of the required documentation and executed forms as they pertain to this project. The following comments are offered:

1. AD 1048, "Certification Regarding Debarment," should be provided on contractor.
2. Form RD 1927-10, "Final Title Opinion," effective the date of loan closing will need to be provided.
3. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," should be provided showing no exceptions.
4. The certification on the Loan Resolution will need to be completed at closing.
5. You should be certain the loan is closed at the correct interest rate. You are reminded that the loan was obligated at the intermediate interest rate of 4.125%. The current intermediate rate is 4.50% and will remain at this rate through March 31, 2006. Bond Counsel should also be notified of the interest rate as soon as the closing date is determined.

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500  
Phone: (304) 284-4860 OR 1-800-295-8229 • Fax: (304) 284-4893 • TDD: (304) 284-4836  
Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6362 (TDD).

South Putnam PSD (Water)

March 31, 2006

Page 2

- ✓ 6. Area Office comments regarding applicant's accounts and records being properly established should be documented in the casefile.
- ✓ 7. On the date of the preliminary closing, the applicant must provide evidence of all required insurance and position fidelity bond coverage in compliance with Item 11 of the letter of conditions.
- ✓ 8. A compliance review will need to be conducted on or before loan closing or the start of construction.
- ✓ 9. You are reminded that loan closings should not be scheduled on the 29<sup>th</sup>, 30<sup>th</sup>, or 31<sup>st</sup> of the month.
- ✓ 11. The appropriate loan numbers must be established on the EFT database approximately 14 days prior to the scheduled pre-closing.
- ✓ 12. RUS funds being advanced at closing should be ordered immediately following (and on the same date as) the pre-closing so that the funds will be deposited in the Borrower's account two days later for the official closing. If for some reason you are unable to order the funds on the same date as the pre-closing, or if you ordered the funds and the request did not process, you should call the State Office immediately and discuss the possibility of Finance Office processing a manual EFT request so that the funds can be received timely.
- ✓ 13. Once the loan and grant have been closed, CPAP should be updated immediately to reflect the proper date.
- ✓ 14. The required "Loan Closing Information" must be submitted to Finance Office at the same time the debt instrument is forwarded. The guide with the required information was previously provided to your office. The debt instrument and loan closing information must be submitted to Finance Office promptly so that the account can be established promptly.
15. If the loan is closed for a lesser amount than that which was obligated, the State Office will need to de-obligate the remaining funds once it is determined they will not be used.

16. The applicable items listed herein should be retyped on your letterhead and forwarded to all appropriate parties. Additionally, you should incorporate any Area Office closing requirements as well as any special instructions received from OGC.

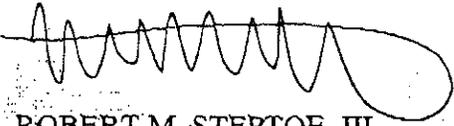
You are reminded of your responsibility to assure full compliance with all administrative requirements of RD Instruction 1942-A, RUS Instruction 1780, the letter of conditions, and correspondence from OGC as well as this office. You should make certain that any necessary revisions are made to the appropriate forms and/or documents prior to considering the docket complete.

Please advise this office two weeks in advance of the closing date.

After the loan and grant have been closed, and all loan funds have been disbursed by Finance Office, please forward your request for final opinion to this office along with the following:

- Your certification that all administrative requirements of closing have been met.
- One copy of the executed Bond.
- One copy of the executed Bond Counsel's opinion.
- One complete set of the Bond Transcript Documents.
- One copy of the executed 1927-10, "Final Title Opinion."

If you have any questions regarding the above, please let us know.



ROBERT M. STEPTOE, III  
State Director

Attachments

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 Farmers Home Administration Instructions, (b) correspondence from OGC, (c) any applicable correspondence from the Administrator's office, (d) FmHA 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 executed Form FmHA 442-47, Loan Resolution (Public Bodies).
3. Grant Agreement. In the event that a grant is also to be made to the Applicant, then the grant may be closed in accordance with FmHA Instructions provided that these Closing Instructions have also been complied with and duly authorized officials of the Applicant have fully executed Form FmHA 442-31, Grant Agreement.
4. Civil Rights. Confirm that the following fully executed civil rights forms are in the docket:
  - a. Form FmHA 400-1, Equal Opportunity Agreement.
  - b. Form FmHA 400-4, Assurance Agreement
  - c. Form FmHA 400-8, Compliance Review (Pre-loan closing).
5. Environmental Impact. Confirm that a completed and executed Form FmHA 400-46, Environmental Impact Assessment, is in the docket. If the Assessment 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 FmHA Instructions, the FmHA Letter of Conditions and other obligating documents. Amortization schedules and maturity dates should be checked very carefully.

8. Certification of Payment. If FmHA loan proceeds will be used to retire interim indebtedness, the Applicant must provide FmHA with written statements in accordance with FmHA Instruction 1942-A, §1942.17 (n) (2) [ 7 C.F.R. § 1942.17 ].
9. Examination of Executed Bond(s). The District Director 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 FmHA Letter of Conditions and 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/Farmers Home Administration.
  - 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 FmHA 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 District Director with the assistance of the Applicant and Bond Counsel. Obviously, certain 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 FmHA 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 FmHA 427-10 with any changes necessary to reflect the circumstances of this financing. In the case of utility-type financings, confirm that executed Form FmHA 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.



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

RECEIPT OF PAYMENT OF THE PRIOR NOTES

The undersigned, authorized representative of the West Virginia Municipal Bond Commission ("Commission") hereby certifies as follows:

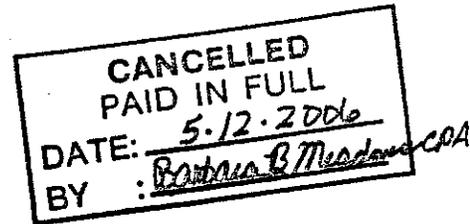
On this 12th day of April, 2006, the Commission received \$120,000 from the proceeds of the Water Revenue Bonds, Series 2006 A Bonds and \$410 for principal and interest and \$277 for administrative fees from South Putnam Public Service District and together, such sum is sufficient to pay in full on the date hereof the entire outstanding principal of and interest on, and all administrative fees on the South Putnam Public Service District Waterworks System Bond Anticipation Notes, Series 2004 B (West Virginia Water Development Authority) (the "Prior Notes"), dated June 18, 2004, and discharge the liens, pledges and encumbrances securing such Prior Notes.

WITNESS my signature on this 12th day of April, 2006.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: Patricia Rankin  
Its: Authorized Representative

04/26/06  
847280.00007



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SOUTH PUTNAM PUBLIC SERVICE DISTRICT  
WATERWORKS SYSTEM BOND ANTICIPATION NOTE, SERIES 2004 B  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$120,000

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, on October 1, 2007, the principal sum of ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000), together with accrued interest thereon, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The principal of and interest on this Note is payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest shall run from the original date of delivery of this Note to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2004, as set forth on Exhibit B attached hereto and incorporated herein by reference. The interest on this Note is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding the interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated June 18, 2004.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay the costs of issuance hereof

CANCELLED  
PAID IN FULL  
DATE: 5/12/06  
BY : BBM

and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System". This Note 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 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution duly adopted by the Issuer on June 8, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 11, 2004 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Note are payable only from and secured by a first lien on (i) the proceeds of any grants received by the Issuer for the System; (ii) the proceeds of revenue bonds or other obligations of the Issuer issued subsequent to the issuance of this Note to permanently finance the costs of acquisition and construction of the Project; and (iii) the Surplus Revenues, if any, of the System. The monies from these sources shall be deposited into the Series 2004 B Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of and interest on this Note. THIS NOTE HAS NO LIEN ON THE NET REVENUES OR GROSS REVENUES OF THE SYSTEM AND SHALL BE JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO THE PRIOR BONDS AND THE SERIES 2004 A NOTES ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 2004 A NOTES"). THIS NOTE IS SECURED IN PART BY A LIEN ON SURPLUS REVENUES, IF ANY, OF THE SYSTEM.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All monies received from the sale of this Note shall be applied to the payment of the costs of acquisition and construction of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other

**CANCELLED**  
**PAID IN FULL**  
DATE: 5.12.06  
BY : ABM

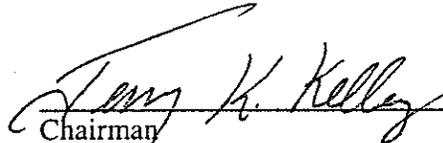
obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

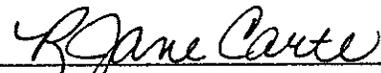
CANCELLED  
PAID IN FULL  
DATE: 5.12.06  
BY : ABM

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated June 18, 2004.

[SEAL]

  
Chairman

ATTEST:

  
Secretary

**\$120,000**

South Putnam PSD - Supplemental Fund Loan

3 Years, 3.0% Interest Rate

Closing Date: June 18, 2004

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2004	-	-	1,030.00	1,030.00
04/01/2005	-	-	1,800.00	1,800.00
10/01/2005	-	-	1,800.00	1,800.00
04/01/2006	-	-	1,800.00	1,800.00
10/01/2006	-	-	1,800.00	1,800.00
04/01/2007	-	-	1,800.00	1,800.00
10/01/2007	120,000.00	3.000%	1,800.00	121,800.00
<b>Total</b>	<b>\$120,000.00</b>	<b>-</b>	<b>\$11,830.00</b>	<b>\$131,830.00</b>

### Yield Statistics

Bond Year Dollars	\$394.33
Average Life	3.286 Years
Average Coupon	3.0000000%
Net Interest Cost (NIC)	3.0000000%
True Interest Cost (TIC)	3.0008728%
Bond Yield for Arbitrage Purposes	3.0008728%
All Inclusive Cost (AIC)	3.0008728%

### IRS Form 8038

Net Interest Cost	3.0000000%
Weighted Average Maturity	3.286 Years

CANCELLED  
PAID IN FULL  
DATE: 5.12.06  
BY : ABM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2004 B Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 18, 2004.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

  
Authorized Officer

ASSIGNMENT

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

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

In the presence of:  
  
\_\_\_\_\_

CANCELLED  
PAID IN FULL  
DATE: 5.12.06  
BY : BBM

06/11/04  
847280.00003

CH683000.1



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A  
(United States Department of Agriculture)

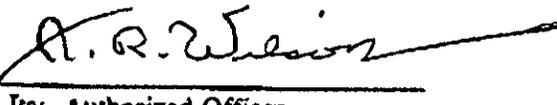
RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Putnam County Bank, Hurricane, West Virginia (the "Bank"), hereby certify that on May 12, 2006, the Bank received an automated transfer in the amount of \$895,391.08 to the credit of the Series 2006 A Bonds Project Construction Account, Account Number 1494866 for the Series 2006 A Bonds.

WITNESS my signature on this 12th day of May, 2006.

PUTNAM COUNTY BANK

By:

  
Its: Authorized Officer

J. R. Wilson, President

4.19.06  
647280.00007

CH807165.2