

SOUTHWESTERN WATER DISTRICT

**Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)**

BOND TRANSCRIPT

Closing Date: March 12, 2010

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SOUTHWESTERN WATER DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(UNITED STATES DEPARTMENT OF AGRICULTURE); AND
WATER REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA DWTRF PROGRAM)

BOND RESOLUTION

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SOUTHWESTERN WATER DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF SOUTHWESTERN WATER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$4,185,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND NOT MORE THAN \$6,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2010 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SOUTHWESTERN WATER DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. Southwestern Water District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Taylor County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience, and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, consisting of construction of improvements to the existing lines, including extensions to serve approximately 84 customers located in the areas of Valley Falls, Berry Run, Wendel Road, Shelby Road, Route 119 South, Pleasant Creek and Flag Run in Barbour, Harrison and Taylor Counties, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (the existing public waterworks facilities of the Issuer, the Project and any further extensions or improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of Waterworks System Bond Anticipation Note, Series 2008, dated November 3, 2008, issued in the original aggregate principal amount of \$810,000 and held by West Union Bank (the "Prior Notes").

D. The Prior Notes were issued pursuant to a Resolution of the Issuer previously adopted for such purpose (such resolution, as amended and supplemented is herein called the Prior Notes Resolution").

E. It is deemed necessary and desirable for the Issuer to pay the Prior Notes.

F. The Issuer intends to pay the Prior Notes and permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") and the United States Department of Agriculture (the "Purchaser") pursuant to the Act.

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

H. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$10,285,000 in two series, being the Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$4,185,000 (the "Series 2010 A Bonds"), and the Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than \$6,100,000 (the "Series 2010 B Bonds"), to pay the Prior Notes and permanently finance the costs of acquisition and construction of the Project (collectively, the "Series 2010 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to

include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2010 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

J. It is in the best interests of the Issuer that its Series 2010 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 2010 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), in form satisfactory to the Issuer, the Authority and the BPH, approved hereby if not previously approved by resolution of the Issuer.

K. After payment of the Prior Notes, there will be no outstanding obligations of the Issuer which will rank on a parity with the Series 2010 Bonds as to liens, pledge and source of and security or are secured by revenues of the System.

L. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges and the issuance of the Series 2010 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2010 Bonds or such final order will not be subject to appeal or rehearing.

M. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2010 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement for the Series 2010 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

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

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the Issuer, the Bank or other entity to be designated as such in this Resolution or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2010 A Bonds, the Series 2010 B Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"Chairman" means the Chairman of the Governing Body of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2010 Bonds for all or a portion of the proceeds of the Series 2010 A Bonds from the Purchaser and for all or a portion of the proceeds of the Series 2010 B Bonds from the Authority and the BPH.

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

"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 Engineers" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02H hereof to be a part of the cost of acquisition and construction of the Project.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

"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 therefore, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"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, as it may now or hereafter be constituted.

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

"Grant" means, collectively, all grant monies received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

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

"Issuer" means the Southwestern Water District, a public service district and public corporation and political subdivision of the State of West Virginia, in Taylor County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated April 22, 2008, and all additional amendments thereto, if any, providing for the purchase of the Series 2010 A from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2010 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2010 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any Reserve Account. For purposes of the Private Business Use

limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar, at or prior to said date; (ii) any Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2010 B Bonds by the Issuer in the Supplemental Resolution.

"Prior Notes" means the Issuer's Waterworks System Bond Anticipation Note, Series 2008, dated November 3, 2008, issued in the original aggregate principal amount of \$810,000 and held by West Union Bank.

"Prior Notes Resolution" means the resolution of the Issuer, as supplemented authorizing the Prior Notes.

"Project" means the Project as described in Section 1.02B hereof.

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of

America, which is expected to be the original purchaser and Registered Owner of the Series 2010 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase

agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2010 Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2010 Bonds" means, collectively, the Series 2010 A Bonds and the Series 2010 B Bonds.

"Series 2010 Bonds Construction Trust Fund" means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2010 A Bonds" means the Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 A Bonds in the then current or any succeeding year.

"Series 2010 B Bonds" means the Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), of the Issuer authorized by this Resolution.

"Series 2010 B Bonds Reserve Account" means the Series 2010 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 B Bonds in the then current or any succeeding year.

"Series 2010 B Bonds Sinking Fund" means the Series 2010 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2010 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2010 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system from any sources whatsoever, both within and without the Issuer.

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

“West Virginia DWTRF Program” means the Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

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

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$10,285,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the BPH.

The cost of the Project is estimated not to exceed \$10,285,000, of which \$4,185,000 will be obtained from proceeds of the Series 2010 A Bonds, and \$6,100,000 will be obtained from proceeds of the Series 2010 B Bonds.

Section 2.02 Authorization of Payment of the Prior Notes. There is hereby authorized and ordered the payment in full of the entire principal of and the interest on the Prior Notes on the Closing Date. The cost of which will be paid from the proceeds of the Series 2010 Bonds. Upon payment in full of the Prior Notes, any funds pledged in favor of the holders of the Prior Notes imposed by the Prior Notes Resolution are hereby ordered terminated, discharged and released.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2010 Bonds, if any, funding reserve accounts for the Series 2010 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2010 A Bonds and the Series 2010 B Bonds of the Issuer. The Series 2010 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2010 A (United States Department of Agriculture)," in the principal amount of not more than \$4,185,000, and the Series 2010 B Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program)," in the principal amount of not more than \$6,100,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2010 Bonds, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2010 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2010 A Bond.

B. The Series 2010 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2010 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2010 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2010 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached, representing the aggregate principal amount of the Series 2010 A Bonds. The Series 2010 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt

service schedule attached, representing the aggregate principal amount of the Series 2010 B Bonds, all as provided in the Supplemental Resolution. The Series 2010 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2010 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2010 Bonds shall cease to be such officer of the Issuer before the Series 2010 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2010 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2010 A, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2010 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 2010 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2010 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 2010 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 2010 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.

B. The Bond Registrar with respect to the Series 2010 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2010 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2010 B Bonds shall be conclusive evidence that such Series 2010 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2010 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2010 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2010 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2010 Bonds remain outstanding, the Bond Registrar for the Series 2010 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2010 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2010 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 2010 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. With respect to the Series 2010 A Bonds, the Chairman is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery.

B. The Issuer shall execute and deliver the Series 2010 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2010 B Bonds to the original purchasers upon receipt of the documents set forth below:

- (1) If other than the Authority, a list of the names in which the Series 2010 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to

authenticate and deliver the Series 2010 B Bonds to the original purchasers;

- (3) An executed and certified copy of the Bond Legislation;
- (4) An executed copy of the Loan Agreement; and
- (5) The unqualified approving opinion of bond counsel on the Series 2010 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 A Bonds and the Series 2010 B Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of page Intentionally Blank]

(FORM OF SERIES 2010 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHWESTERN WATER DISTRICT
WATER REVENUE BOND, SERIES 2010 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

Date: March 10, 2010

FOR VALUE RECEIVED, SOUTHWESTERN WATER DISTRICT (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR MILLION ONE HUNDRED AND EIGHTY FIVE THOUSAND DOLLARS (\$4,185,000), plus interest on the unpaid principal balance at the rate of 4.0% 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 this Bond and continuing on the corresponding day of each month for the first _____ 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 acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of 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 Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on March 10, 2010, and a Supplemental Resolution of the Borrower duly adopted on March 10, 2010, authorizing issuance of this Bond (collectively, 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 Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 12, 2010, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,100,000.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SOUTHWESTERN WATER 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.

SOUTHWESTERN WATER
DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman
(Title of Executive Official)

P.O. Box 98
(P.O. Box No. or Street Address)

Flemington, West Virginia 26347
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

_____ 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 Borrower with full power of substitution in the premises.

Dated: _____, 20____.

In presence of:

(FORM OF SERIES 2010 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHWESTERN WATER DISTRICT
WATER REVENUE BOND, SERIES 2010 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1

\$6,100,000

KNOW ALL MEN BY THESE PRESENTS: That on the 12 day of March, 2010, SOUTHWESTERN WATER DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Taylor County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum SIX MILLION AND ONE HUNDRED THOUSAND DOLLARS (\$6,100,00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____ to and including _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. The Administrative Fee of ___% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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").

This Bond 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 the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated March 12, 2010.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the

Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on March 10, 2010, and a Supplemental Resolution duly adopted by the Issuer on March 10, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2010, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,185,000 (THE "SERIES 2010 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2010 A Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2010 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds; provided however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond 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 Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, 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.

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SOUTHWESTERN WATER DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the date first written above.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 2010 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2010 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Authority and the BPH a schedule, the forms of which will be provided by the Purchaser, the Authority and the BPH, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund
- (2) Renewal and Replacement Fund; and
- (3) Series 2010 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2010 A Bonds Reserve Account;
- (2) Series 2010 B Bonds Sinking Fund; and
- (3) Series 2010 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation 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 this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.
- (2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and remit to the National Finance Office the amount required to pay interest on the Series 2010 A Bonds.
- (3) The Issuer shall next, each month, transfer from the Revenue Fund and (i) on or before the due date thereof, remit to the National Finance Office, commencing 18 months following the date of delivery of the Series 2010 A Bonds, the amount required to amortize the principal of the Series 2010 A Bonds over the life of the bond issue; and (ii) on the first day of each month, remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.
- (4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) beginning on the date specified by the purchaser, but in any event not later than the 18th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2010 A Bonds Reserve Account equals the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as

there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement; and (ii) remit to the Commission, commencing 4 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 B Bonds Reserve Requirement, until the amount in the Series 2010 B Bonds Reserve Account equals the Series 2010 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 B Bonds Reserve Requirement.

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

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

Monies in the Series 2010 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 B Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2010 B Bonds Reserve Account shall be sufficient to prepay the Series 2010 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2010 B Bonds, together with accrued interest thereon to such prepayment date.

Monies in the Series 2010 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2010 B Bonds as the same shall become due. Monies in the Series 2010 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2010 B Bonds as the same shall come due, when other monies in the Series 2010 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2010 B Bonds Reserve Account shall be sufficient to prepay the Series 2010 B Bonds in full, it

shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2010 B Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2010 A Bonds Reserve Account (if fully funded), the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2010 A Bonds and the Series 2010 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2010 A Bonds Reserve Account or the Series 2010 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2010 A Bonds Reserve Requirement or the Series 2010 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Reserve Account or the Series 2010 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2010 A Bonds and the Series 2010 B Bonds in accordance with the respective principal amounts then Outstanding.

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, the BPH and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Reserve Account, the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the

times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2010 A Bonds Reserve Account, the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 A Bonds Reserve Account, the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 A Bonds and the Series 2010 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) remit to the Commission the required principal, interest and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2010 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2010 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 A Bonds, there shall be deposited with the Commission in the Series 2010 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2010 A Bonds Reserve Account.

B. From the proceeds of the Series 2010 B Bonds, there shall be deposited with the Commission in the Series 2010 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2010 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2010 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2010 Bonds Construction Trust Fund and applied solely to payment of

costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2010 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2010 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2010 B Bonds shall be expended as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. The proceeds of the Series 2010 A Bonds in the Series 2010 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

B. The Issuer shall each month provide the BPH with a requisition for the costs incurred for the Project, together with such documentation as the BPH shall require. Payments of all Costs of the Project from the Series 2010 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2010 B Bonds from the Series 2010 Bonds Construction Trust Fund shall be made only after submission to the BPH of a certificate, signed by an Authorized Officer stating that:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule; and
- (2) a certificate, signed by an Authorized Officer, stating that:
 - (i) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
 - (ii) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
 - (iii) Each of such costs has been otherwise properly incurred; and
 - (iv) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2010 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2010 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 2010 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2010 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered July 14, 2009, which became Final Order on August 3, 2009 in Case No. 09-0066-PWD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the

Series 2010 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2010 Bonds are outstanding and except as otherwise required by law, and with the written consent of the Purchaser, the Authority and the BPH, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2010 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2010 B Bonds, immediately be remitted to the Commission for deposit in the Series 2010 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the BPH, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2010 Bonds. Any balance remaining after the payment of all the Series 2010 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such

properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

The Issuer shall give the Purchaser, the Authority and the BPH prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the System, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the BPH and the Purchaser and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2010 Bonds.

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

So long as the Series 2010 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

So long as the Series 2010 B Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from

said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2010 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2010 Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the

manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Purchaser, the BPH and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto (and to the extent legally required the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2010 Bonds and shall submit said report to the Purchaser, the Authority and the BPH, or any other original purchaser of the Series 2010 Bonds. Such audit report submitted to the Purchaser, the Authority and the BPH shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Purchaser, the Authority and the BPH, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Purchaser, the Authority and the BPH, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority, the BPH and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2010 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2010 Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser, the Authority and the BPH within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are

necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Purchaser, the Authority and the BPH, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the BPH, the Authority and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the BPH by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Purchaser, the Authority and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser, the Authority and the BPH is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Purchaser, the Authority and the BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Purchaser, the Authority, the BPH and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify BPH in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the sewerage system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the sewerage facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such sewerage service, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received

shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time unless an increased amount is requested by the Purchaser from time to time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the BPH and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the BPH necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and the BPH, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the BPH with copies of all documents submitted to the Purchaser and the Authority.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. RESERVED

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2010 Bonds.

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2010 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser and the BPH for written approval. The Issuer shall obtain the written approval of the Purchaser and the BPH before expending any proceeds of the Series 2010 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the BPH before expending any proceeds

of the Series 2010 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Purchaser, the Authority and the BPH in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of

proceeds of the Series 2010 B Bonds as a condition to issuance of the Series 2010 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2010 B Bonds as may be necessary in order to maintain the status of the Series 2010 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2010 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the BPH, as the case may be, from which the proceeds of the Series 2010 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2010 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2010 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2010 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2010 Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2010 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2010 A Bonds and the Series 2010 B Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed

thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2010 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2010 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2010 Bonds from gross income for federal income tax purposes.

Except through such direct payment to the Holder of the Series 2010 A Bonds, the Issuer may not defease the Series 2010 A Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2010 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of

Registered Owners of the Series 2010 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2010 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2010 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2010 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 2010 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47).

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 10th day of March, 2010.

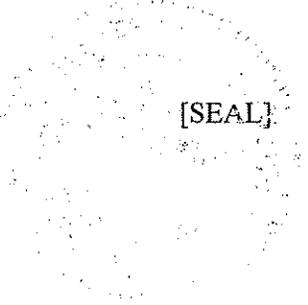
SOUTHWESTERN WATER DISTRICT

By: Donald A. Guly
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of
SOUTHWESTERN WATER DISTRICT on March 10, 2010.

Dated: March 12, 2010.



Misty L. Ferrell
Secretary

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 A,
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B,
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM), OF SOUTHWESTERN WATER DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2010 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2010 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2010 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Southwestern Water District (the "Issuer") has duly and officially adopted a bond resolution on March 10, 2010 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF SOUTHWESTERN WATER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$4,185,000 IN AGGREGATE

PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A, AND NOT MORE THAN \$6,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2010 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), and Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), of the Issuer (collectively, the "2010 Bonds" and individually, the "Series 2010 A Bonds" and the "Series 2010 B Bonds"), in the respective aggregate principal amounts not to exceed \$4,185,000 and \$6,100,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2010 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the 2010 Bonds should be established by a supplemental resolution pertaining to the 2010 Bonds; and that other matters relating to the 2010 Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2010 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the Series 2010 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be

approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the 2010 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the 2010 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SOUTHWESTERN WATER DISTRICT :

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

A. Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), of the Issuer, originally represented by a single bond, numbered AR-1 in the principal amount of \$4,185,000. The Series 2010 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.0% per annum, interest only payable in monthly installments for the first 18 months commencing 30 days following delivery of the Series 2010 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$17,787 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2010 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2010 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2010 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered BR-1, in the principal amount of \$6,100,000. The Series 2010 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2041, and shall bear no interest. The principal of the Series 2010 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011 to and including September 1, 2041, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2010 B Bonds. The Series 2010 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2010 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1.0% of the principal amount of the Series 2010 B Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the 2010 Bonds and the text of the 2010 Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved.

The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the 2010 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 A Bonds and the Series 2010 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 B Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the 2010 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2010 B Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate First Community Bank, Grafton, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2010 A Bond proceeds in the amount of \$779,549.14 shall be paid by check to West Union Bank to pay the outstanding principal balance of and all accrued interest on the Issuer's Waterworks Design Bond Anticipation Note, Series 2008 (the "Prior Notes") at Closing.

Section 8. The balance of the Series 2010 A Bonds shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2010 A Bonds.

Section 9. Series 2010 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2010 B Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2010 B Bonds shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the 2010 Bonds and related costs.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the 2010 Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2010 A Bonds may be delivered on or about March 12, 2010, to the Purchaser pursuant to the Letter of Conditions, and the Series 2010 B Bonds may be delivered on or about March 12, 2010, to the Authority pursuant to the Loan Agreement.

Section 12. The payment of the Prior Notes and the acquisition and construction of the Project and the financing thereof in part with proceeds of the 2010 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the 2010 Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2010 A Bonds Reserve Account, the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Special Conditions of the Loan Agreement are attached as Exhibit A hereto are hereby accepted and agreed to and are incorporated herein by reference.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 10th day of March, 2010.

SOUTHWESTERN WATER DISTRICT

By: Donald A. Gull
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by
SOUTHWESTERN WATER DISTRICT on this 10th day of March, 2010.

Dated: March 12, 2010.

[SEAL]


Secretary

EXHIBIT A
SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. EXHIBIT D-1 – The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

C. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Entity that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Entity.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and as approved by BPH.

E. LOBBYING - The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

F. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

G. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

H. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement.

I. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this Agreement and (2) interview any officer or employee of the Local Entity.

J. FALSE CLAIMS – The Local Entity must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan

recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this Agreement.

K. LIMIT ON FUNDS—The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

L. WAGE RATES—The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

M. DISADVANTAGED BUSINESS ENTERPRISE—Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

N. CIVIL RIGHTS—The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

Adopted this 10th day of March, 2010.

SOUTHWESTERN WATER DISTRICT

By: Donald H. Kull
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by
SOUTHWESTERN WATER DISTRICT on this 10th day of March, 2010.

Dated: March 12, 2010.

[SEAL]

Misty L. Juncos
Secretary

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 A,
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B,
(West Virginia DWTRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE)

WHEREAS, the Public Service Board (the "Governing Body") of Southwestern Water District (the "Issuer") has duly and officially adopted a Supplemental Resolution on March 10, 2010 entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM), OF SOUTHWESTERN WATER DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2010 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2010 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2010 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Governing Body of the Issuer has duly and officially adopted a bond resolution on March 10, 2010 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF SOUTHWESTERN WATER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE

PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$4,185,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A, AND NOT MORE THAN \$6,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2010 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), and Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), of the Issuer (collectively, the "2010 Bonds" and individually, the "Series 2010 A Bonds" and the "Series 2010 B Bonds"), in the respective aggregate principal amounts not to exceed \$4,185,000 and \$6,100,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2010 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the 2010 Bonds should be established by a supplemental resolution pertaining to the 2010 Bonds; and that other matters relating to the 2010 Bonds be herein provided for;

WHEREAS, the Series 2010 A Bonds were purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments; and

WHEREAS, the Governing Body deems it essential and desirable that this second supplemental resolution (the "Second Supplemental Resolution") be adopted, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the 2010 A Bonds be fixed hereby in the manner stated herein;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SOUTHWESTERN WATER DISTRICT :

Section 1. Pursuant to the Bond Resolution and the Act, this Second Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), of the Issuer, originally represented by a single bond, numbered AR-1 in the principal amount of \$4,185,000. The Series 2010 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.0% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2010 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$17,870 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2010 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2010 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2010 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. All other provisions relating to the 2010 Bonds and the text of the 2010 Bonds shall be in substantially the form provided in the Bond Resolution.

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

[Remainder of Page Intentionally Blank]

Adopted this 14th day of April 2010.

SOUTHWESTERN WATER DISTRICT

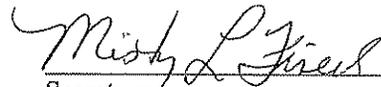
By: Donald A. Guel
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by
SOUTHWESTERN WATER DISTRICT on this 14th day of April, 2010.

Dated April 14, 2010.

[SEAL]


Secretary



United States Department of Agriculture
Rural Development
West Virginia State Office

February 16, 2010

Donald A. Gull, Chairman
Southwestern Water Public Service District
P.O. Box 98
Flemington, WV 26347

Dear Mr. Gull:

Please note: This letter replaces the January 15, 2010 letter originally sent from this office regarding the same subject.

The loan pre-closing for the District's water system improvements and extension project has been rescheduled and will now be held on March 10, 2010 at 10:00 A.M. at the District's office in Flemington, West Virginia. The pre-construction conference has also been rescheduled and will follow at 1:30 P.M. at Thrasher Engineering's office in Clarksburg, West Virginia. The official loan closing date for the District's project will be March 12, 2010. *Please note that the following guidelines and requirements apply only to the USDA Rural Development financing. Closing requirements from any other funding source should be obtained from that source.*

Reference is made to our letter of conditions dated April 22, 2008. All of the requirements of that letter must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The RUS loan of \$4,185,000 will be closed with an interest rate of 4.00%. This results in a payment of \$17,787.00 per month. The District must establish and fund monthly a debt service reserve account, which equals ten percent (10%) of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will also be required to make monthly payments utilizing the preauthorized debit (PAD) payment process. This will allow for your payment to be electronically debited from your account on the day your payment is due.

The following items should be submitted to our office as soon as possible but no later than March 3, 2010:

1. The District must provide a letter accepting the proposed construction inspector(s).

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

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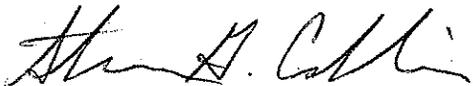
2. A certification from the District's accountant that the accounts and records as required by the bond resolution have been established and are operational.
3. The District must provide evidence that it has acquired insurance and bond coverage in accordance with Item 12 of the letter of conditions.
4. The District must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.

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

1. In accordance with Item 9d of the letter of conditions, the District's attorney will need to provide Form RD 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated March 12, 2010.
2. In accordance with Item 9e of the letter of conditions, the District's attorney must furnish a Form RD 1927-10, "Final Title Opinion," on all lands being acquired. In addition, the attorney must provide a separate final title opinion covering all existing property owned by the District. The opinions should be dated March 12, 2010.
3. In accordance with Item 10 of the letter of conditions, ALL applicable project permits should be available as of the day of the pre-closing. This may include but is not limited to the West Virginia Department of Highways, Railroads, State Department of Health, Corps of Engineers, and Public Land Corporation.
4. In accordance with Item 11 of the letter of conditions, the District must furnish evidence that the West Virginia Public Service Commission has approved the project's proposed financing.
5. A copy of any revisions made to invoices to be paid (as well as all invoices that were paid with interim financing) along with supporting documentation should be provided to this office no later than March 3, 2010.

If you have any questions regarding these or any other matters pertaining to your loan, please do not hesitate to contact our office.

Sincerely,



Steven G. Collins
Community Programs Specialist

cc: Matthew Fluharty, P.E.
Thrasher Engineering
P.O. Box 1532
Clarksburg, WV 26301

Robert DeCrease, P.E.
WV Bureau for Public Health
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, WV 25301-1798

Sheena Hunt, Project Administrator
Region VI Planning and Development Council
34 Mountain Park Drive
White Hall, WV 26554

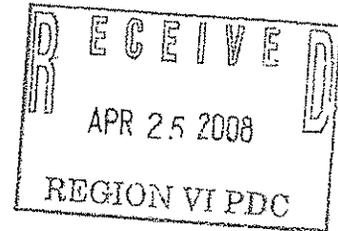
John Stump, Esquire
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

Shawn D. Nines, Esquire
222 West Main Street
Grafton, WV 26354

Robert R. Rodecker, Attorney at Law
P.O. Box 3713
Charleston, WV 25337



United States Department of Agriculture
Rural Development
West Virginia State Office



April 22, 2008

Mr. Donald A. Gull, Chairman
Southwestern Water Public Service District
P.O. Box 98
Flemington, WV 26347

Dear Mr. Gull:

This letter, with Attachments 1 through 9 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$4,185,000, and other funding in the amount of \$6,100,000, for a total project cost of \$10,285,000. The other funding is planned in the form of a loan from the State of West Virginia Drinking Water Treatment Revolving Fund.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

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

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Government Auditing Standards (Revision 2007) (Accountant Copy) may be accessed at www.gao.gov/govaud/ybk01.htm.

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

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

The conditions referred to above are as follows:

1. **Fund Usage** – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
2. **Loan Repayment** – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 12 months will consist of interest only. Payments for the remaining 468 months will be equal amortized monthly installments. For planning purposes use a 4.625% interest rate and a monthly amortization factor of .00462, which provides for a monthly payment of \$19,335. You will be required to make monthly payments utilizing the Preauthorized Debit (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

3. Security – The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.
4. Users – This conditional commitment is based upon you providing evidence that you will have at least 2,077 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 84 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the District's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

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

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

5. Bond Counsel Services – The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
6. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, “Standard Form of Agreement between Owner and Engineer for Professional Services” (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
7. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience “RUS Legal Services Agreement” is enclosed for your use.
8. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

RUS regulations (RD Instruction 1780) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your District. “Government Auditing Standards (Revised 2007)” and RUS Bulletins 1780-30 and 1780-31 outline audit requirements. This information is available on the websites referenced on pages 1 and 2 of this letter.

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

9. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
- a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
 - e. On the day of loan closing, the District's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the District has already acquired real property(s) (land or facilities), the District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

10. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

11. 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.

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. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

- a. General Liability Insurance – This should include vehicular coverage.
- b. Workers' Compensation – In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control

of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to at least \$100,000 (or the estimated highest monthly construction drawdown). Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

13. Environmental Requirements –

- a. 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.

14. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess

vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

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

You will also be required to provide a certification that the VA and ERP is complete and is current every three years after the start of operations. RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

15. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from

participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Contract Documents, Final Plans and Specifications –

a. The contract documents should consist of the following:

- (1) EJCDC Document No. C-521, 2002 Edition, “Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price” and EJCDC Document No. C-710, 2002 Edition, “Standard General Conditions of the Construction Contract – Funding Agency Edition” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) “RUS Supplemental General Conditions.”

b. The contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance – Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the District and its engineer. EJCDC Document C-710, “Standard General Conditions of the Construction Contract” (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, “Supplementary Conditions” both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder’s Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers’ Compensation – In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

17. 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.
18. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 6).
19. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your District, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

The District will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The District must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

20. Water Purchase Contract - You propose to purchase treated water from the Taylor County Public Service District; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.
21. Other Project Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

22. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 1940-1 – “Request for Obligation of Funds”
RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”
Form RD 400-1 – “Equal Opportunity Agreement”
Form RD 400-4 – “Assurance Agreement”
Form AD 1047 – “Certification Regarding Debarment – Primary”
Form RD 1910-11 – “Applicant Certification, Federal Collection Policies”
RD Instruction 1940-Q, Exhibit A-1, “Certification for Contracts, Grants and Loans”
Standard Form LLL – “Disclosure of Lobbying Activities” (If Applicable)
Certification of Compliance
Form RD 1942-46, “Letter of Intent to Meet Conditions”

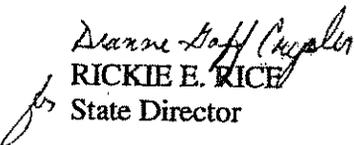
23. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA Rural Development State Office with a request for loan closing instructions to be issued.
24. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS loan funds and would be applied as an extra payment toward the loan balance.

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

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

Sincerely yours,


RICKIE E. RICE
State Director

Enclosures

cc: Rural Development Specialist
Morgantown, WV

Zack Dobbins, CPA
317 Cleveland Avenue
Fairmont, WV 26554

Shawn Nines, Attorney at Law
Grafton, WV

Randy Watson, Project Manager
Thrasher Engineering, Inc.
P.O. Box 1532
Clarksburg, WV 26301

Robert DeCrease, P.E.
WV Bureau for Public Health
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, WV 25301-1798

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Water and Waste Processing Checklist**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	DUNS Number	1		Applicant		HAVE	3
	CAIVRS Number	1		RUS		HAVE	CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6
	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5
	Site Visit		S.I. 1780-2	RUS		HAVE	3
	Processing Conference	1	1780.39(a)	RUS		HAVE	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	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	6
	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		HAVE	8
	Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Det- ermination on the Availability of "Other Credit" with Docu- mentation	1	1780.7(d)	RUS		HAVE	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Documentation on Service Area	1	1780.11	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Summary	3	1780.41(a)	RUS		HAVE	1
CPAP Form	Project Fund Analysis	3	1780.41(a)	RUS		HAVE	2
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			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-28	Loan Resolution (Security Agreement)	1	1780.39(f)	Applicant			5
	Loan Agreement	2	1780.14	RUS			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		HAVE	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Exception for Metering Devices	1	1780.57(m)	Applicant/ RUS			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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5
	Evidence of "Other Funds"	1	1780.44(f)	Applicant		HAVE	2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

DWTRF
(02/10)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

SOUTHWESTERN WATER DISTRICT (2007W-965)
(Local Entity)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.458 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Act establishes a permanent perpetual fund known as the “West Virginia Drinking Water Treatment Revolving Fund” (hereinafter the “Fund”), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

WHEREAS, the Local Entity is included on the BPH State Project Priority List and the Intended Use Plan and has met BPH’s pre-application requirements for the Program;

WHEREAS, the Local Entity is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a drinking water project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Entity;

WHEREAS, the Local Entity intends to construct, is constructing or has constructed such a drinking water project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the “Project”);

WHEREAS, the Local Entity has completed and filed with the Authority and BPH an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the “Application”), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in the Fund, subject to the Local Entity’s satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Entity, BPH and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms “Authority,” “cost,” “fund,” “local entity,” and “project” have the definitions and meanings ascribed to them in the Act or in the DWTRF Regulations.

1.2 “Consulting Engineers” means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

1.3 “Loan” means the loan to be made by the Authority and BPH to the Local Entity through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 “Local Act” means the official action of the Local Entity required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 “Local Bonds” means the revenue bonds to be issued by the Local Entity pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

1.6 “Local Statute” means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 “Operating Expenses” means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.8 “Program” means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.12 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Local Entity by the Consulting Engineers, the BPH and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Local Entity has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Local Entity by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Entity, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by BPH and the Authority.

2.4 The Local Entity agrees that the Authority and BPH and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Entity further agrees that the Authority and BPH and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and BPH with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Entity shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Local Entity shall permit the Authority and BPH, acting by and through their directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Entity shall submit to the Authority and BPH such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Local Entity shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

2.8 The Local Entity shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and BPH and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) the contractor shall maintain builder's risk

insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Entity, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Entity must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

2.10 The Local Entity shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to BPH when the Project is 90% completed. The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Entity hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, BPH or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Local Entity, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit A and incorporated herein by reference, and forward a copy by the 10th of each month to BPH and the Authority.

2.13 The Local Entity, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward such forms to BPH in compliance with the Local Entity's construction schedule.

2.14 The Local Entity shall serve the additional customers at the location(s) as set forth in Schedule X. The Local Entity shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Local Entity shall certify to the Authority the number of customers added to the System.

2.15 The Local Entity shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and BPH to make the Loan is subject to the Local Entity's fulfillment, to the satisfaction of the Authority and BPH, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Entity shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Entity shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(d) The Local Entity shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim construction financing, the Local Entity must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

(e) The Local Entity shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Entity shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(g) The Local Entity shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(h) The Local Entity shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and BPH shall have received a certificate of the accountant for the Local Entity, or such other person or firm experienced in the finances of local entities and satisfactory to the Authority and BPH, to such effect; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and BPH shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of drinking water projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Entity by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, BPH and the Local Entity. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing

shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

3.6 The Local Entity shall provide BPH with the appropriate documentation to comply with the special conditions regarding the public release requirements established by federal and State regulations as set forth in Exhibit D attached hereto at such times as are set forth therein.

ARTICLE IV

Local Bonds; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Entity in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will be used monthly, in the order of priority listed below:

- (i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

(iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

Provided that if the Local Entity has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues, as applicable, of the System as provided in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the

Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Local Entity will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the DWTRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Entity shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and BPH;

(vi) That the Local Entity will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Local Entity will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Entity under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or

construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Local Entity will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and BPH. If the Local Entity receives \$300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and BPH within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Entity and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim

funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Local Bonds;

(xvii) That the Local Entity shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Entity shall complete the Monthly Payment Form, attached hereto as Exhibit E and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

(xviii) That, if required by the Authority and BPH and, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Entity will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by

the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

(xxi) That the Local Entity shall submit all proposed change orders to the BPH for written approval. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Entity hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit F.

4.2 The Loan shall be secured by the pledge and assignment by the Local Entity, as effected by the Local Act, of the fees, charges and other revenues of the Local Entity from the System.

4.3 At least two and one-half percent (2½%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the DWTRF Regulations, the Local Entity agrees to pay from time to time, if required by the Authority and BPH, the Local Entity's allocable share of the reasonable administrative expenses of the BPH and the Authority relating to the Program. Such administrative expenses shall be determined by the BPH and the Authority and shall include, without limitation, Program expenses, legal fees paid by the BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

Certain Covenants of the Local Entity;
Imposition and Collection of User Charges;
Payments To Be Made by
Local Entity to the Authority

5.1 The Local Entity hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Entity hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Local Entity hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Local Entity defaults in any payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest

at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Entity

6.1 The Local Entity hereby acknowledges to the Authority and BPH its understanding of the provisions of the Act, vesting in the Authority and BPH certain powers, rights and privileges with respect to drinking water projects in the event of default by local entities in the terms and covenants of this Loan Agreement, and the Local Entity hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Entity shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and BPH shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this Loan Agreement.

6.3 The Local Entity hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Entity hereby covenants that, if required by the Authority and BPH, it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Entity fails to make any such rebates as required, then the Local Entity shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and BPH may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Entity to be monitored or cause the rebate calculations for the Local Entity to be prepared, in either case at the expense of the Local Entity.

6.6 The Local Entity hereby agrees to give the Authority and BPH prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.7 The Local Entity hereby agrees to file with the Authority and BPH upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Local Entity supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.5 This Loan Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Entity specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

(ii) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the BPH if the Local Entity has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and BPH pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount

contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

SOUTHWESTERN WATER DISTRICT

(SEAL)

By: Donald A. Hull

Its: Chairman

Date: March 12, 2010

Attest:

Misty L. Finch

Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: [Signature]

Its: Executive Director

Date: March 12, 2010

Attest:

Carol A. Cummins

Its: Secretary-Treasurer

EXHIBIT A

MONTHLY FINANCIAL REPORT

Name of Local Entity _____
 Name of Bond Issue(s) _____
 Type of Project _____ Water _____ Wastewater _____
 Fiscal Year _____ Report Month _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>	_____	_____	_____	_____
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development	_____	_____	_____	_____
Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Local Entity to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Entity according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Entity.

The Local Entity must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____ Consulting Engineers, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words used herein and not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then

for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this ____ day of _____,

[SEAL]

By: _____

West Virginia License No. _____

insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT D

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. EXHIBIT D-1 – The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

C. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Entity that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Entity.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and as approved by BPH.

E. LOBBYING - The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

F. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

G. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled

“Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

H. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement.

I. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this Agreement and (2) interview any officer or employee of the Local Entity.

J. FALSE CLAIMS – The Local Entity must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this Agreement.

K. LIMIT ON FUNDS – The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

L. WAGE RATES – The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

M. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

N. CIVIL RIGHTS – The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color,

national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

EXHIBIT D-1

For OIGER Use Only
Grant Number: _____

**West Virginia Department of Health and Human Resources
Subrecipient (Grantee) Information Form**
Please see the instructions for Completion of the Subrecipient (Grantee) Information Form

1. Subrecipient (Grantee) Name

2. Subrecipient (Grantee) Location (Street Address, City State and Zip Code)

3. Subrecipient (Grantee) 9-Digit DUNS Number

4. Subrecipient (Grantee) Type (Please check one box only)

<input type="checkbox"/> State Government <input type="checkbox"/> County Government <input type="checkbox"/> City or Township Government <input type="checkbox"/> Special District Government <input type="checkbox"/> Regional Organization <input type="checkbox"/> U.S. Territory or Possession <input type="checkbox"/> Independent School District <input type="checkbox"/> Public/State Controlled Institution of Higher Learning <input type="checkbox"/> Indian/Native American Tribal Government (Federally Recognized) <input type="checkbox"/> Indian/Native American Tribal Government (Other than Federally Recognized) <input type="checkbox"/> Indian/Native American Tribally Designated Organization <input type="checkbox"/> Public/Indian Housing Authority	<input type="checkbox"/> Nonprofit with 501(c)(3) IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Nonprofit without 501(c)(3) IRS Status (Other than Institution of Higher Education) <input type="checkbox"/> Private Institution of Higher Education <input type="checkbox"/> Individual <input type="checkbox"/> For-Profit Business (Other than Small Business) <input type="checkbox"/> Small Business <input type="checkbox"/> Hispanic-serving Institution <input type="checkbox"/> Historically Black Colleges and Universities (HBCUs) <input type="checkbox"/> Tribally Controlled Colleges and Universities (TCCUs) <input type="checkbox"/> Alaska Native and Native Hawaiian Serving Institutions <input type="checkbox"/> Non-domestic (non-US) entity <input type="checkbox"/> Other (Please explain) _____
--	--

5. Primary Performance Location (Street Address, City State and Zip Code)

6. Names, Titles and Total Compensation for the 5 Most Highly Compensated Officers

Officer Name	Title	Total Compensation

NOTE: This form must be signed by an individual no lower than the Executive Director or Chief Financial Officer.

Printed Name _____ Title _____
 Signature _____ Date _____ Phone # _____

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EXHIBIT E

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission

on behalf of _____ on _____
[Local Entity] [Date]

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Ladies and Gentlemen:

We are bond counsel to _____(the "Local Entity"), a
_____.

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, dated _____(the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____1, _____, and ending _____1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____duly adopted or enacted by the Local Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity on _____(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan

Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Entity and is a valid and binding special obligation of the Local Entity, enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Local Entity without the consent of the Authority and the BPH.

3. The Local Entity is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Entity and constitute valid and binding obligations of the Local Entity, enforceable against the Local Entity in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Entity to the Authority and are valid, legally enforceable and binding special obligations of the Local Entity, payable from the gross or net revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the gross or net revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$6,100,000
Purchase Price of Local Bonds	\$6,100,000

The Local Bonds shall bear no interest. Commencing December 1, 2011, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal and interest, if any, and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Local Entity's system as provided in the Local Act.

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Entity: Southwestern Water District Waterworks System Bond Anticipation Note, Series 2008, dated November 3, 2008, issued in the original aggregate principal amount of \$810,000 and held by West Union Bank.

Number of New Customers To Be Served: 65
Location: Galloway/Rt 76, Brownton, Wender, Webster, Lynn Chapel, Valley Falls and Simpson areas in Barbour and Taylor Counties.

**SCHEDULE Y
DEBT SERVICE SCHEDULE**

Southwestern Water District				
DWTRF				
0% Interest Rate				
1% Administrative Fee				
30 Years				
	Dated			
	Date	3/12/10		
	Delivery			
	Date	3/12/10		
Period	Principal	Interest	Debt	
Ending			Service	
3/12/10				
12/1/11	50,834		50,834	
3/1/12	50,834		50,834	
6/1/12	50,834		50,834	
9/1/12	50,834		50,834	
12/1/12	50,834		50,834	
3/1/13	50,834		50,834	
6/1/13	50,834		50,834	
9/1/13	50,834		50,834	
12/1/13	50,834		50,834	
3/1/14	50,834		50,834	
6/1/14	50,834		50,834	
9/1/14	50,834		50,834	
12/1/14	50,834		50,834	
3/1/15	50,834		50,834	
6/1/15	50,834		50,834	
9/1/15	50,834		50,834	
12/1/15	50,834		50,834	
3/1/16	50,834		50,834	
6/1/16	50,834		50,834	
9/1/16	50,834		50,834	
12/1/16	50,834		50,834	
3/1/17	50,834		50,834	
6/1/17	50,834		50,834	
9/1/17	50,834		50,834	
12/1/17	50,834		50,834	
3/1/18	50,834		50,834	
6/1/18	50,834		50,834	
9/1/18	50,834		50,834	
12/1/18	50,834		50,834	
3/1/19	50,834		50,834	
6/1/19	50,834		50,834	
9/1/19	50,834		50,834	
12/1/19	50,834		50,834	
3/1/20	50,834		50,834	
6/1/20	50,834		50,834	
9/1/20	50,834		50,834	
12/1/20	50,834		50,834	
3/1/21	50,834		50,834	
6/1/21	50,834		50,834	
9/1/21	50,833		50,833	
12/1/21	50,833		50,833	
3/1/22	50,833		50,833	

Southwestern Water District			
DWTRF			
0% Interest Rate			
1% Administrative Fee			
30 Years			
Period	Principal	Interest	Debt Service
Ending			
6/1/22	50,833		50,833
9/1/22	50,833		50,833
12/1/22	50,833		50,833
3/1/23	50,833		50,833
6/1/23	50,833		50,833
9/1/23	50,833		50,833
12/1/23	50,833		50,833
3/1/24	50,833		50,833
6/1/24	50,833		50,833
9/1/24	50,833		50,833
12/1/24	50,833		50,833
3/1/25	50,833		50,833
6/1/25	50,833		50,833
9/1/25	50,833		50,833
12/1/25	50,833		50,833
3/1/26	50,833		50,833
6/1/26	50,833		50,833
9/1/26	50,833		50,833
12/1/26	50,833		50,833
3/1/27	50,833		50,833
6/1/27	50,833		50,833
9/1/27	50,833		50,833
12/1/27	50,833		50,833
3/1/28	50,833		50,833
6/1/28	50,833		50,833
9/1/28	50,833		50,833
12/1/28	50,833		50,833
3/1/29	50,833		50,833
6/1/29	50,833		50,833
9/1/29	50,833		50,833
12/1/29	50,833		50,833
3/1/30	50,833		50,833
6/1/30	50,833		50,833
9/1/30	50,833		50,833
12/1/30	50,833		50,833
3/1/31	50,833		50,833
6/1/31	50,833		50,833
9/1/31	50,833		50,833
12/1/31	50,833		50,833
3/1/32	50,833		50,833
6/1/32	50,833		50,833
9/1/32	50,833		50,833
12/1/32	50,833		50,833
3/1/33	50,833		50,833
6/1/33	50,833		50,833
9/1/33	50,833		50,833
12/1/33	50,833		50,833

Southwestern Water District
 DWTRF
 0% Interest Rate
 1% Administrative Fee
 30 Years

Period Ending	Principal	Interest	Debt Service
3/1/34	50,833		50,833
6/1/34	50,833		50,833
9/1/34	50,833		50,833
12/1/34	50,833		50,833
3/1/35	50,833		50,833
6/1/35	50,833		50,833
9/1/35	50,833		50,833
12/1/35	50,833		50,833
3/1/36	50,833		50,833
6/1/36	50,833		50,833
9/1/36	50,833		50,833
12/1/36	50,833		50,833
3/1/37	50,833		50,833
6/1/37	50,833		50,833
9/1/37	50,833		50,833
12/1/37	50,833		50,833
3/1/38	50,833		50,833
6/1/38	50,833		50,833
9/1/38	50,833		50,833
12/1/38	50,833		50,833
3/1/39	50,833		50,833
6/1/39	50,833		50,833
9/1/39	50,833		50,833
12/1/39	50,833		50,833
3/1/40	50,833		50,833
6/1/40	50,833		50,833
9/1/40	50,833		50,833
12/1/40	50,833		50,833
3/1/41	50,833		50,833
6/1/41	50,833		50,833
9/1/41	50,834		50,834
	6,100,000		6,100,000

Quarterly Administrative Fee of \$7,688.51
 (Total \$922,621.40)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 09-0066-PWD-CN

SOUTHWESTERN WATER DISTRICT, a public service
District, Flemington, Taylor County.

Application for a certificate of convenience and necessity for the
construction, operation and maintenance of upgrades to its existing
water system and extension of its waterline to serve approximately
84 additional customers in Taylor County

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

AFFIDAVIT

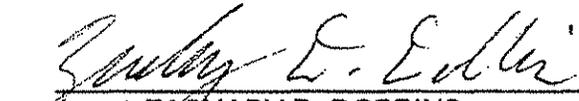
I, Zachary D. Dobbins, CPA, after first being duly sworn upon my oath, state
that:

1. I have reviewed the Recommended Decision entered in this proceeding
on July 14, 2009, final as of August 3, 2009, wherein the Commission approved
funding for the District's water project comprised of a \$6,100,000 Drinking Water
Treatment Revolving Fund ("DWTRF") loan bearing 0% interest plus a 1%
administrative fee for a term of 30 years and a \$4,185,000 United States Department
of Agriculture, Rural Utilities Service ("RUS") loan bearing 4.625% interest over a 40-
year term, with the first two years requiring payment of interest only and further
approved Staff-recommended rates and charges.

2. I have further reviewed the lowering of the interest rate to 4.00% on the
RUS \$4,185,000 loan which will result in a lower debt service cost than that
approved by the Commission.

3. Based upon all information provided to me, I am of the opinion that the
rates and charges approved by the Commission are not affected by the revision to
the RUS loan and that the rates will be sufficient to provide revenues which, together
with other revenues of the system, will allow me to provide the CPA certification
required for the issuance of the Bonds.

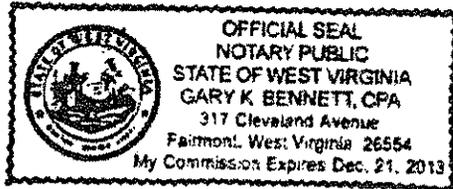
Further affiant sayeth naught.


ZACHARY D. DOBBINS

Taken, sworn to and subscribed before me this 16th day of February, 2010.

My commission expires: 12/21/2013


NOTARY PUBLIC



**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 3rd day of March 2010.

CASE NO. 09-0066-PWD-CN (Reopened)

SOUTHWESTERN WATER DISTRICT, a public utility,
Flemington, Taylor County.

Application for a certificate of convenience and necessity for the construction, operation and maintenance of upgrades to its existing water system and extension of its waterline to serve approximately 84 additional customers in Taylor County.

COMMISSION ORDER

This Order determines that Commission approval of the revised RUS funding for the project is not required because there will be no rate impact. This Order also denies the District request to be relieved of the requirement to petition for approval of acceptance of future ARRA funding for the project even if receipt of ARRA funding would render the approved rates excessive.

Background

By Recommended Decision final as of August 3, 2009, the Commission granted the Southwestern Water District (District) an application for a certificate of public convenience and necessity pursuant to W. Va. Code §24-2-11 to construct improvements to its existing lines and related appurtenances, including controlling waterline leaks, and extending a waterline to serve approximately 84 new customers located in the areas of Valley Falls, Berry Run, Wendel Road, Shelby Road, Route 119 South, Pleasant Creek and Flag Run in Taylor County. The Commission approved several inter-utility agreements relating to the project and conditioned the certificate on the District obtaining separate signed user agreements from at least 80% of the proposed new customers.

The Commission also approved financing for the project, comprised of a \$6,100,000 Drinking Water Treatment Revolving Fund loan bearing 0% interest plus a 1% administrative fee for a term of 30 years and a \$4,185,000 United States Department of Agriculture, Rural Utilities Service (RUS) loan bearing 4.625% interest over a 40-year term, with the first two years requiring payment of interest only.

The Commission further ordered that, in the event the District received funding for the project certificated herein under The American Recovery and Reinvestment Act of 2009 (ARRA), replacing part or all of the funding package approved above, the District would file a letter with the Commission detailing the specifics of that funding package, including the terms and conditions of any loan awarded. If funding revisions resulted in the approved rates becoming excessive and in need of decrease, the District was required to notify the Commission through the filing of a letter detailing the funding and/or cost revisions and estimating the rate decrease needed along with copies of the final funding commitment documentation. The District was required to petition the Commission for review and approval of those changes and obtain Commission approval of revised decreased rates prior to rates becoming effective upon substantial completion of the project

The Commission required that, if the scope or plans for the project changed or project cost or financing revisions required a further rate increase beyond those approved in the Order, the District was to obtain prior Commission approval before commencing construction. Changes in project cost or financing, including ARRA financing, would not require separate approval if those changes did not affect rates and the District submitted an affidavit from a certified public accountant to that effect.

Petition to Reopen

On February 2, 2010, the District filed a petition to reopen requesting the Commission 1) approve revised RUS financing with a lower interest rate of 4.00%, 2) approve the District's originally proposed and previously published rates in lieu of the lower rates approved by the August 3, 2009 Order, 3) provide that upon District receipt of a further revision in financing of ARRA funds, the District not be required to petition to reopen this case for approval, but rather be required to submit a petition for review of its rates at the end of twelve (12) months of operation under the proposed rates.

On February 16, 2010, the District rescinded its request for approval of the originally proposed rates in lieu of those approved by the August 3, 2009 Order, explaining that its certified public accountant had determined that the approved rates would be sufficient to meet the District coverage requirements. The District attached to its filing an affidavit of its certified public accountant. The District requested a Commission Order by March 5, 2010, to permit a loan closing on March 10, 2010.

On February 23, 2010, Commission Staff filed a Memorandum recommending that the Commission grant this petition to reopen, and rule that the proposed funding revision does not require Commission approval because it does not necessitate any change in approved rates.

Staff opposed the District request to be relieved of the requirement to petition for approval of ARRA funding because of the possibility that ARRA funding could cause the approved rates to be excessive. Instead, Staff recommended that the Commission affirm the requirement in the Recommended Decision that the District immediately notify the Commission of the receipt of ARRA funding by filing a letter detailing the funding and/or cost revisions with copies of the final funding commitment documents and an estimate of the needed rate decrease. Staff also recommended that the Commission affirm the requirement that if ARRA funding rendered the approved rates excessive, the District must petition the Commission for review and approval of the funding and rate changes and obtain approval of revised decreased rates prior to rates becoming effective upon substantial completion of the project.

DISCUSSION

The District has advised the Commission that its RUS loan will bear a lower interest rate than originally approved and the District accountant has certified that the rates approved in the August 3, 2009 Order remain sufficient to cover the District debt service coverage. Accordingly, Commission approval of the revised RUS funding is not required.

Although ARRA funding has not been made available for this project, there remains a possibility of some future ARRA funding. In that event, the District would prefer not to have to notify and obtain approval from this Commission if it receives ARRA funding rendering its approved rates to be too high until it has operated under the approved rates for twelve (12) months. The Commission has considered the request, but has determined that it should be denied as inconsistent with the Commission's ARRA funding policies for public service districts as set forth in General Order 182.09, at p. 3, ¶8. If ARRA funding is awarded on terms that reduce overall project costs, the cost benefits of replacing traditional funding with ARRA funding should be passed through to the customers of the District as soon as possible.

FINDINGS OF FACT

1. The District has received an RUS funding commitment for a lower interest rate than was originally approved.
2. The District accountant has certified that the project-related rates approved by Commission Order final on August 3, 2010 remain sufficient to meet the District debt coverage requirements.

3. The District has asked the Commission to relieve it of the requirement to petition the Commission for approval of lower rates in the event it receives ARRA funding, even if such funding would render the approved rates excessive. Instead, the District proposes that the Commission require it to file for rate review after operating under the approved rates for twelve (12) months.

CONCLUSIONS OF LAW

1. The revised RUS funding with a lower interest rate does not require Commission approval because it does not necessitate a change in the project-related rates.

2. The District should not be relieved of the requirement to notify and obtain approval from this Commission if it receives ARRA funding that lowers project costs. See General Order 182.09 at p.3, ¶ 8.

3. If ARRA funding is awarded, the cost benefits of replacing traditional funding with ARRA funding should be passed through to the District's customers as soon as possible.

ORDER

IT IS THEREFORE ORDERED that the District petition to reopen this certificate proceeding is granted for the purpose of concluding that the revised RUS funding in the form of a loan in the amount of \$4,185,000 at an interest rate of 4.00% over a 40-year term with the first two years requiring payment of interest only, does not require Commission approval because it will have no rate impact.

IT IS FURTHER ORDERED that the District request to be relieved of the requirements to notify and obtain approval from this Commission if it receives ARRA funding to replace any portion of the approved funding and that lowers project costs is denied.

IT IS FURTHER ORDERED that the District seek Commission approval of any future change to the scope or plans for the project, or for any change to the financing or cost of the project that requires a further rate increase beyond the approved rates.

IT IS FURTHER ORDERED that in the event revisions to project scope or funding result in lower project costs, the District shall notify the Commission through the filing of a letter detailing the funding scope and/or cost revisions and estimating the rate decrease needed along with copies of the final funding commitment documents. The District must petition for review and approval of those changes and obtain Commission approval of revised decreased rates prior to rates becoming effective upon substantial completion of the project. This ordering paragraph shall replace ordering paragraph number ten in the August 3, 2009 Recommended Decision Order.

IT IS FURTHER ORDERED that except for the amended interest rate from 4.625% to 4.00% for the RUS loan approved for this project, and the replacement of the Recommended Decision Ordering paragraph number ten, all of the other ordering paragraphs of the August 3, 2010 Order remain in full force and effect.

IT IS FURTHER ORDERED that upon entry hereof this case is closed and shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order by electronic service on all parties of record who have filed an e-service agreement, and by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Commission Staff by hand delivery.

A True Copy. Testet


Sandra Squire
Executive Secretary

JML/tt
090066ca.wpd

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

FINAL
8/3/2009

Entered: July 14, 2009

CASE NO. 09-0066-PWD-CN

SOUTHWESTERN WATER DISTRICT, a public utility,
Flemington, Taylor County.

Application for a certificate of convenience and
necessity for the construction, operation and maintenance
of upgrades to its existing water system and extension of
its waterline to serve approximately 84 additional
customers in Taylor County.

RECOMMENDED DECISION

PROCEDURE

On January 26, 2009, Southwestern Water District (District), a public water utility, filed an application with the Public Service Commission under *West Virginia Code (Code)* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its existing lines and related appurtenances, including controlling waterline leaks and extending a waterline to serve approximately 84 new customers located in the areas of Valley Falls, Berry Run, Wendel Road, Shelby Road, Route 119 South, Pleasant Creek and Flag Run in Taylor County. The District has estimated that the project will cost approximately \$10,285,000, to be funded with a \$6,100,000 loan from the Drinking Water Treatment Revolving Fund (DWTRF) at 0% interest plus a 1% administrative fee for a term of 30 years and a \$4,185,000 loan from the United States Department of Agriculture Rural Utilities Service (RUS) bearing 4.625% interest over a 40-year term. The application contains the District's existing tariff, which utilizes a declining rate block design. The existing rate for the first 3,000 gallons is \$4.90 per 1,000 gallons, and the proposed rate for the first 3,000 gallons \$8.65 per 1,000 gallons. While the entire rate schedule will not be summarized here, the District was seeking a revenue increase of approximately 82%, based on the Rule 42 exhibit filed with the application.

On January 26, 2009, the Commission required that the District publish the Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and generally circulated in each of the Counties of Barbour, Harrison and Taylor, providing a 30-day protest period. The Notice of Filing also provided that, if no protests were received within the 30-day protest period, the

MSM

Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application.

By the February 4, 2009 Referral Order, the Commission referred this case to the Division of Administrative Law Judges (ALJ Division) for decision on or before June 10, 2009, if no protest was filed, and by August 24, 2009, if the matter was protested.

On February 5, 2009, Kenneth K. Litzinger submitted a letter of protest opining that this project should have been funded with Federal grant money, not by loans, and that the District had not considered all available alternatives.

On February 24, 2009, the District submitted publication affidavits showing that the Notice of Filing was published on February 2, 2009, in *The Mountain Statesman*, a newspaper published and generally circulated in Taylor County; on February 4, 2009, in *The Exponent-Telegram*, a newspaper published and generally circulated in Harrison County; and on February 4, 2009, in the *Barbour Democrat*, a newspaper published and generally circulated in Barbour County.

On March 3, 2009, Staff Attorney Cassius H. Toon submitted the Initial Joint Staff Memorandum indicating that Commission Staff would complete its investigation and submit a final substantive recommendation in a timely fashion.

On March 16, 2009, the District submitted an affidavit, pursuant to Rule 10.3.d. of the Commission's *Rules of Practice and Procedure*, showing that the District has notified its customers, by direct mailings included on the postcard billings, of the proposed rate increase sought in the certificate filing.

Responding to all of the above, by the April 10, 2009 Procedural Order, as corrected on April 15, 2009, the Administrative Law Judge (ALJ) adopted a procedural schedule to process and resolve this matter, including a Wednesday, May 27, 2009 hearing date and requiring that the District satisfy certain notice and publication requirements.

On May 1, 2009, Staff Attorney Toon submitted the Final Joint Staff Memorandum, attaching the April 29, 2009 Final Staff Internal Memorandum from Utilities Analyst Bob Cadle, Water and Wastewater Division, and Technical Analyst James Spurlock, Engineering Division. Together, these Memoranda comprise Commission Staff's final substantive recommendation in this matter. Staff related that the project had obtained approval from the West Virginia Infrastructure and Jobs Development Council (IJDC) and confirmed that the project would cost an estimated \$10,285,000, to be funded with a \$6,100,000 DWTRF loan bearing 0% interest plus a 1% administrative fee for a term of 30 years and a \$4,185,000 RUS loan bearing 4.625% interest over a 40-year term (interest only is due the first two years). The project will replace approximately 123,000 feet of existing water lines; upgrade the existing main booster station to pump 1,000 gallons per minute instead of 800 gallons per minute; include a telemetry system between the main booster station and a 500,000-gallon storage tank; and replace four smaller booster stations in order to meet standards of the West Virginia

Bureau of Public Health (BPH). The project will greatly reduce or eliminate the District's existing 41% unaccounted-for water. The District was directed by the Office of Environmental Health Services (OEHS) on November 13, 2003, and by the Commission in Case No. 05-0923-PWD-GI to implement a leak detection program, the results of which have resulted in the project. The project also will include two new 256,000-gallon water storage tanks and one 84,000-gallon water storage tank, which are needed to ensure sufficient water pressure and capacity. Adding these tanks will give the District 2.26 days of water storage if the unaccounted-for water is not reduced and 3.33 days if the unaccounted-for water is reduced to 15%. Finally, the project will extend service to approximately 84 new customers in the areas of Valley Falls, Wendel Road, Shelby Road, Route 119 South, Pleasant Creek and Flag Run who currently do not have a clean or reliable potable water source. The extension portion of the project will install approximately 86,000 feet of new water lines. The total cost per existing customer is approximately \$4,677. The cost to serve the proposed 84 new customers is approximately \$30,209 per new customer, or a total of approximately \$2,537,624. The District has obtained only 37 signed user agreements from by the proposed new customers. Staff conditioned its recommended approval of the extension portion of the project upon the District obtaining 80% sign-up by the proposed new customers. The project will reduce operation and maintenance (O&M) expenses by \$23,409, mainly due to a projected reduction in purchased water resulting from reducing the unaccounted-for water. The OEHS has issued Permit No. 18,217 for the project. The engineering plans and specifications do not conflict with the Commission's rules and regulations.

Staff's financial review revealed that the loans for the project will require a debt service of approximately \$435,353, plus a debt service reserve of \$43,535 and a renewal and replacement reserve of \$28,353. The District has obtained commitment letters for both of the loans. The District requested total operating revenue for the project of approximately \$509,953. This level of revenue will produce a \$38,610 cash flow surplus and a 125.51% debt service coverage ratio, which Staff deemed excessive. Staff recommended increasing the District's rates across-the-board by 72.2%, which would produce additional operating revenues of \$486,744 and a cash flow surplus of \$15,941, plus a renewal and replace reserve of \$28,353 and a debt service coverage ratio of 120.17%.

The District also seeks Commission consent and approval of a water purchase agreement (Purchase Agreement) between the District and Taylor County Public Service District (TCPSD), setting forth the terms and conditions of the District's purchase of water from TCPSD; a transportation agreement (Transportation Agreement) between the District and the Town of Grafton (Town), setting forth the terms and conditions by which the Town will transport water from its treatment plant to the District's lines; and a water purchase and sales agreement (Purchase and Sales Agreement) between the District and the City of Bridgeport relating to an interconnection of the water distribution systems of these two entities near a former glass plant. The Purchase Agreement replaces the existing agreement between the District and TCPSD. It states a rate of \$1.10 per 1,000 gallons, which is TCPSD's most recent Commission-approved resale rate, and that the rates are subject to change annually. This contract provides that TCSPD will provide up to 30,000,000 gallons of water per month to the District at a reasonably constant pressure of 160 psi for a 35-year term. The Transportation Agreement is an addendum to the existing agreement. Staff recommended that the

Transportation Agreement be amended to expire in 2049. The transportation fee is \$0.15 per 1,000 gallons, which is the amount contained in the Town's most recent tariff. The Purchase and Sales Agreement is formalizing an agreement entered into as a result of Case No. 05-0923-PWD-GI, *Southwestern Water District*. Staff opined that all three contracts are reasonable and fair and do not give one party any advantage over the other. Staff reminded the parties that *Code* §24-2-12 requires the Commission to review contracts prior to utilities entering into them.

Commission Staff opined that the project is financially feasible and should be approved, provided that the District obtains user agreements from at least 80% of the projected 84 new customers, i.e., at least 68 user agreements. As of the date of the Staff Report, the District had obtained only 37 signed user agreements from the proposed new customers. Included in the Staff-recommended rates and charges was a \$2.01 per 1,000 gallons leak adjustment. Commission Staff recommended that the Commission:

1. Grant the certificate application, conditioned upon the District obtaining signed user agreements from at least 80% of the proposed new customers;
2. Approve the proposed financing;
3. Approve the Staff-recommended rates and charges;
4. Require the District to seek separate Commission approval for any changes in the scope or plans of the project or the rates prior to commencing construction. Any changes in project costs or financing which do not affect rates do not need separate Commission approval, provided that a certified public accountant verifies this fact;
5. Direct that the District provide a copy of the engineer's certified bid tabulations for all contracts awarded for this project as soon as they become available;
6. Direct that the District submit a copy of the certificate of substantial completion for each construction contract associated with the project as soon as they are available;
7. Approve the Purchase Agreement, the Transportation Agreement and the Purchase and Sales Agreement, provided that the Transportation Agreement is amended to expire in 2049 instead of 2050; and
8. Require that the District not enter into any other inter-utility agreements without first obtaining the Commission's consent and approval.

On May 5, 2009, the District, citing *Code* §24-2-11, as amended by the recent passage of House Bill 2863, moved the ALJ to cancel the hearing and grant the application due to lack of "substantial" protest. The District acknowledged that approximately three protests were filed.

By the May 8, 2009 Order Denying Motion to Cancel Hearing and Confirming May 27, 2009 Hearing Date, the ALJ held that, since the recent changes to *Code* §24-2-11 cited by the District, including inserting the word "substantial," were not in effect at the time of the filing of this application, to apply the revised version of *Code* §24-2-11 to a certificate application filed prior to the passage of the revision effectively would violate the constitutional principle that laws cannot be passed or applied *ex post facto*. The ALJ also held that this certificate application must be decided based on the law in effect when the application was filed, and for this reason, since public protest had been filed, a hearing must be held without determining whether the protest is substantial.

On May 27, 2009, the ALJ convened the hearing as scheduled. The District appeared by counsel, Robert R. Rodecker, Esquire, and Commission Staff appeared by counsel, Staff Attorney Cassius H. Toon, Esquire. No customer or member of the public or anyone else appeared at the hearing to protest the certificate application.

The only evidence actually presented at the hearing were publication affidavits showing that the Notice of Hearing was published on May 13 and 20, 2009, in *The Barbour Democrat*, *The Exponent-Telegram* and the *Mountain Statesman*, received as District Exhibit Nos. 1, 2 and 3.

The parties present at the hearing waived their rights under *Code* §24-1-9(b) to file proposed findings of fact and conclusions of law or briefs.

On June 4, 2009, the reporter submitted a 10-page transcript and a one-page certificate that the transcript is a true and accurate record of the May 27, 2009 hearing.

The ALJ considered the evidence presented at hearing, together with all of the evidence contained in the Commission's file of this certificate application, and the applicable law, prior to rendering this Recommended Decision.

On July 10, 2009, the District requested that the ALJ enter the Recommended Decision as soon as practicable, since the District needs to proceed with the project as soon as possible, noting that it needs to enter into condemnation proceedings and cannot do so until it obtains the certificate.

DISCUSSION

The ALJ holds that, since the project is needed to replace much or all of the District's existing distribution system to eliminate a very high percentage of unaccounted-for water; since the project

will provide public water service to approximately 84 new customers who have no potable water supply; since the project will enable the District to meet BPH and OEHS standards; since the project will enhance the District's water pressure and supply problems, including adding more water storage capability; since the plans and specifications for the project do not violate Commission rules and regulations; and since the project will reduce the District's O&M expenses, mainly by reducing the amount of water purchased, the ALJ holds that the public convenience and necessity require the project and he will grant the certificate application, subject to the District obtaining signed user agreements for at least 80% of the proposed new customers prior to commencing construction. Since the IJDC has approved the project and the District has obtained commitments for the two loans, the ALJ also will approve the project funding of \$10,285,000, comprised of a \$6,100,000 DWTRF loan bearing 0% interest plus a 1% administrative fee for a term of 30 years and a \$4,185,000 RUS loan bearing 4.625% interest over a 40-year term (interest only is due the first two years). Since the Staff-recommended rates and charges will increase the District's rates across-the-board by 72.2%, producing additional operating revenues of \$486,744 and providing a cash flow surplus of \$15,941, plus a renewal and replace reserve of \$28,353, and a debt service coverage ratio of 120.17%, the ALJ will approve the Staff-recommended rates and charges for all service rendered on and after the date that the project is certified as complete. The ALJ also will approve the three Agreements and the other Staff recommendations.

Finally, the undersigned notes that, while this project, as of yet, has not received a letter from the Bureau for Public Health indicating that it is eligible for economic stimulus funding under The American Recovery and Reinvestment Act (ARRA), it may well receive such funding in the near future. Accordingly, it is appropriate to include in this decision a brief discussion of the ARRA process and provide for the possibility that ARRA funding may replace part or all of the funding committed to this project.

In General Order No. 182.09, issued on April 16, 2009, the Commission discussed the process to be followed for water and sewer certificate projects that are to be funded with stimulus funds under the ARRA.¹ In that Order, the Commission noted that the State Bureau for Public Health will have approximately 19.5 million dollars in federal stimulus funds for water projects, while the DEP will have approximately 61 million dollars for sewer projects. Those projects have to be bid by August 2009 and the contracts awarded by October 2009. The economic stimulus projects are made more complicated by the fact that the funding agencies overseeing the distribution of economic stimulus funds will not be finally awarding those funds through a traditional commitment letter until approximately August or September of 2009. Economic stimulus money is awarded on a "first come, first served" basis and there is no guarantee that any project which receives a letter from either DEP or the Bureau for Public Health, indicating that a project is eligible for certain level of ARRA

¹While the availability of ARRA funding has generated a flurry of certificate filings with accelerated timelines, there has been no statutory change in the West Virginia Code to accommodate the ARRA funding. For the purposes of W. Va. Code § 24-2-11, ARRA funding is no different from any other funding.

funding, will actually receive the originally specified level of ARRA funding, or any ARRA funding at all.

Applications involving ARRA funding present some unique challenges, in that there is no committed funding, as is generally required for water and sewer certificate applications, and given the timing constraints of ARRA, with the projects to be bid in August of 2009 and contracts to be awarded in October of 2009. In spite of these constraints, the Public Service Commission has an obligation with regard to any certificate application, whether it is filed by a private utility, a public service district or a municipality, to insure that the project is economically feasible and financially viable, which includes guaranteeing that there are adequate financing and sufficient rates to fund the proposed project. See, Town of Man and Man Water Works, Inc., Case No. 81-433-W-PC, Order Affirming Hearing Examiner's Decision, April 16, 1982, 69 ARPSCWV 1893; Ohio County Public Service Commission, Case No. 82-482-S-CN, Order Affirming Hearing Examiner's Decision Without Prejudice, April 8, 1983, 70 ARPSCWV 2049. See also, Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914, (1992).

Traditionally, orders granting certificates of convenience and necessity to public service districts have specifically approved the funding package proposed for the water or sewer project and have required the district to file a petition to reopen the proceeding to obtain Commission approval of any changes to project financing in the event that project costs change and rates are affected and of the revised rates themselves, prior to the commencement of construction. That process is being retained, in large part, for projects using ARRA funds. The major difference is the approval of project financing that has not been committed. To further accommodate the timing constraints of ARRA, the determination is being made in advance that any funding package that includes ARRA funds is reasonable, so that changes to an ARRA funding package do not require additional review, unless rates have to be increased. All that will be required for ARRA funding is the filing of a letter with the final funding commitment documentation and a certification from the District's accountant that rates are not affected.

In the event that, after the public service district files the letter providing the details of the finalized funding package for the certificated project, Commission Staff concludes, based upon its own independent analysis, that either the specified funding package or the approved rates are insufficient to cover all project costs, it will be the obligation of Commission Staff to petition the Public Service Commission to reopen the certificate proceeding for the purpose of reviewing the financial viability of the certificated project.

As with all certificate applications filed with the Commission, in the event that the project scope changes, or changes in project cost and/or financing require a further rate increase, the District will be required to file a petition to reopen this matter, to allow the Commission to assess the nature of the project changes, to determine if they are adequately funded, appropriate and not in conflict with any state laws or Commission rules, and to insure that the funding package and associated rates support the economic feasibility and financial viability of the project.

FINDINGS OF FACT

1. Southwestern Water District filed an application with the Commission under *Code* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its existing lines and related appurtenances, including controlling waterline leaks, and extending a waterline to serve approximately 84 new customers located in the areas of Valley Falls, Berry Run, Wendel Road, Shelby Road, Route 119 South, Pleasant Creek and Flag Run in Taylor County. The District has estimated that the project will cost approximately \$10,285,000, to be funded with a \$6,100,000 DWTRF loan bearing 0% interest plus a 1% administrative fee for a term of 30 years and a \$4,185,000 RUS loan bearing 4.625% interest over a 40-year term, with the first two years requiring payment of interest only. (See, January 26, 2009 application).

2. The Notice of Filing was published on February 2, 2009, in *The Mountain Statesman*; on February 4, 2009, in *The Exponent-Telegram*; and on February 4, 2009, in the *Barbour Democrat*. The Notice of Hearing was published on May 13 and 20, 2009, in *The Barbour Democrat*, *The Exponent-Telegram* and the *Mountain Statesman*. No one appeared at the hearing to protest the application. (See, February 24, 2009 publication affidavits; District Exhibit Nos. 1, 2 and 3).

3. The project has obtained IJDC approval and will cost an estimated \$10,285,000, to be funded with a \$6,100,000 DWTRF loan bearing 0% interest plus a 1% administrative fee for a term of 30 years and a \$4,185,000 RUS loan bearing 4.625% interest over a 40-year term (interest only is due the first two years). (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

4. The project will replace approximately 123,000 feet of existing water lines; upgrade the existing main booster station to pump 1,000 gallons per minute instead of 800 gallons per minute; include a telemetry system between the main booster station and a 500,000-gallon storage tank; and replace four smaller booster stations in order to meet standards of the BPH. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

5. The OEHS and the Commission directed that the District implement a leak detection program, the results of which resulted in the project. The project will greatly reduce or eliminate the District's existing 41% unaccounted-for water. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

6. The project also will include two new 256,000-gallon water storage tanks and one 84,000-gallon water storage tank, which are needed to ensure sufficient water pressure and capacity. Adding these tanks will give the District 2.26 days of water storage if the unaccounted-for water is not reduced and 3.33 days if the unaccounted-for water is reduced to 15%. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

7. The project will extend service to approximately 84 new customers in the areas of Valley Falls, Wendel Road, Shelby Road, Route 119 South, Pleasant Creek and Flag Run who currently do not have a clean or reliable potable water source. The extension portion of the project

will install approximately 86,000 feet of new water lines. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

8. The total cost per existing customer is approximately \$4,677. The cost to serve the proposed 84 new customers is approximately \$30,209 per new customer, or a total of approximately \$2,537,624. The District has obtained only 37 signed user agreements from the proposed new customers. Staff conditioned its recommended approval of the extension portion of the project upon the District obtaining 80% sign-up by the proposed new customers. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

9. The project will reduce O&M expenses by \$23,409, mainly due to a projected reduction in purchased water resulting from reducing the unaccounted-for water. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

10. The OEHS has issued Permit No. 18,217 for the project. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

11. The engineering plans and specifications do not conflict with the Commission's rules and regulations. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

12. The loans for the project will require a debt service of approximately \$435,353, plus a debt service reserve of \$43,535 and a renewal and replacement reserve of \$28,353. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

13. The District has obtained commitment letters for both of the loans. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

14. Staff recommended increasing the District's rates across-the-board by 72.2%, which would produce additional operating revenues of \$486,744 and a cash flow surplus of \$15,941, plus a renewal and replace reserve of \$28,353 and a debt service coverage ratio of 120.17%. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

15. The District also seeks Commission consent and approval of a water purchase agreement between the District and Taylor County Public Service District, setting forth the terms and conditions of the District's purchase of water from TCPSD; a transportation agreement between the District and the Town of Grafton, setting forth the terms and conditions by which the Town will transport water from its treatment plant to the District's lines; and a water purchase and sales agreement between the District and the City of Bridgeport relating to an interconnection of the water distribution systems of these two entities near a former glass plant. Opining that all three contracts are reasonable and fair and do not give one party any advantage over another party, Staff recommended that the three agreements be approved, subject to the Transportation Agreement being amended to expire in 2049. Staff reminded the parties that *Code* §24-2-12 requires the Commission

to review contracts prior to utilities entering into them. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

16. Commission Staff opined that the project is financially feasible and should be approved, provided that the District obtains user agreements from at least 80% of the projected 84 new customers, i.e., at least 68 user agreements. As of the date of the Staff Report, the District had obtained only 37 signed user agreements from the proposed new customers. (See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

17. Commission Staff recommended that the Commission:

- (a) Grant the certificate application, conditioned upon the District obtaining signed user agreements from at least 80% of the proposed new customers;
- (b) Approve the proposed financing;
- (c) Approve the Staff-recommended rates and charges;
- (d) Require the District to seek separate Commission approval for any changes in the scope or plans of the project or the rates prior to commencing construction. Any changes in project costs or financing which do not affect rates do not need separate Commission approval, provided that a certified public accountant verifies this fact;
- (e) Direct that the District provide a copy of the engineer's certified bid tabulations for all contracts awarded for this project as soon as they become available;
- (f) Direct that the District submit a copy of the certificate of substantial completion for each construction contract associated with the project as soon as they are available;
- (g) Approve the Purchase Agreement, the Transportation Agreement and the Purchase and Sales Agreement, provided that the Transportation Agreement is amended to expire in 2049 instead of 2050; and
- (h) Require that the District not enter into any other inter-utility agreements without first obtaining the Commission's consent and approval.

(See, Final Joint Staff Memorandum, with attachments, filed May 1, 2009).

CONCLUSIONS OF LAW

1. The Public Service Commission is empowered to require all public utilities to demonstrate that a proposed water or sewer project is economically feasible and financially viable by demonstrating that they have secured adequate funding to cover all project costs, as those project costs are determined to be at the conclusion of the bidding process, and that the resulting rates are just, reasonable, applied without unjust discrimination or preference and based primarily on the cost of providing service. See, Town of Man and Man Water Works, Inc., Case No. 81-433-W-PC, Order Affirming Hearing Examiner's Decision, April 16, 1982, 69 ARPSCWV 1893; Ohio County Public Service Commission, Case No. 82-482-S-CN, Order Affirming Hearing Examiner's Decision Without Prejudice, April 8, 1983, 70 ARPSCWV 2049. See also, Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914, (1992).

2. In order to accommodate the unique timing issues involving the economic stimulus funds provided under *The American Recovery and Reinvestment Act of 2009*, and recognizing that these funds are available for a short period on a one-time only basis, it is reasonable to modify some of the Commission's traditional requirements regarding certificate applications, as set forth in the ordering paragraphs of this decision, in the event that the District receives ARRA funding for this project.

3. The public convenience and necessity require the proposed project.

4. The proposed financing for the project should be approved.

5. The Staff-recommended rates for the District are sufficient, but not more than sufficient, to support the proposed project and should be approved.

6. Because ARRA funds represent an additional one-time infusion of capital for West Virginia water and sewer projects, with extremely favorable terms, it is reasonable to conclude that any funding package which includes ARRA funds is convenient to the public, without further review, as long as rates do not have to be increased to support funding revisions made after a certificate is granted.

7. Should the scope or plans for the project change, the District must obtain prior Commission approval before commencing construction. Changes in project costs or financing do not require separate approval if those changes do not affect rates and the District submits an affidavit from a certified public accountant to this effect.

8. It is reasonable to approve the three agreements as recommended by Staff.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of public convenience and necessity filed with the Commission on January 26, 2009, by Southwestern Water District under Code §24-2-11 to construct improvements to its existing lines and related appurtenances, including controlling waterline leaks, and extending a waterline to serve approximately 84 new customers located in the areas of Valley Falls, Berry Run, Wendel Road, Shelby Road, Route 119 South, Pleasant Creek and Flag Run in Taylor County, be, and hereby is, granted, provided, however, that approval of the extension portion of the project is conditioned upon the District obtaining separate signed user agreements from at least 80% of the proposed new customers. The District shall furnish the Commission with a copy of all such signed user agreements prior to commencing construction.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of a \$6,100,000 Drinking Water Treatment Revolving Fund loan bearing 0% interest plus a 1% administrative fee for a term of 30 years and a \$4,185,000 United States Department of Agriculture, Rural Utilities Service loan bearing 4.625% interest over a 40-year term, with the first two years requiring payment of interest only, be, and hereby is, approved.

IT IS FURTHER ORDERED that, in the event the District receives funding for the project certificated herein under The American Recovery and Reinvestment Act of 2009, replacing part or all of the funding package approved above, the District shall file a letter with the Commission detailing the specifics of that funding package, including the terms and conditions of any loan awarded. The District is not required to petition the Commission for approval of that revised project financing, as long as the ARRA funding package does not require an additional rate increase. It will be sufficient for the District to file the ARRA funding commitment documentation along with a certification from its certified public accountant or bond counsel that the revised funding package is adequate to cover all project costs and does not require any additional rate increase.

IT IS FURTHER ORDERED that the rates and charges attached as Appendix A be, and hereby are, approved for all service rendered by Southwestern Water District on and after the date that the project certificated herein is certified as substantially complete.

IT IS FURTHER ORDERED that, within thirty (30) days of the project being certified as substantially complete, Southwestern Water District file an original and at least five (5) copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that the water purchase agreement between Southwestern Water District and Taylor County Public Service District, setting forth the terms and conditions of the District's purchase of water from TCPSD, be, and hereby is, approved.

IT IS FURTHER ORDERED that the transportation agreement between Southwestern Water District and the Town of Grafton, setting forth the terms and conditions by which the Town will transport water from its treatment plant to the District's lines, be, and hereby is approved, subject to

the year of expiration being amended from 2050 to 2049. The parties shall execute an amended agreement and submit it to the Commission within 30 days of the date that this Recommended Decision becomes final.

IT IS FURTHER ORDERED that the water purchase and sales agreement between Southwestern Water District and the City of Bridgeport relating to an interconnection of the water distribution systems of these two entities near a former glass plant, be, and hereby is, approved.

IT IS FURTHER ORDERED that, pursuant to *Code* §24-2-12, Southwestern Water District refrain from entering into inter-utility contracts without first obtaining the Commission's consent and approval.

IT IS FURTHER ORDERED that, should the scope or plans for the project change, or project cost or financing changes require a further rate increase beyond any reviewed and approved herein, Southwestern Water District must obtain prior Commission approval before commencing construction. Changes in project cost or financing, including ARRA financing, do not require separate approval if those changes do not affect rates and the District submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that, if, due to project cost or funding revisions, the rates approved herein are excessive and need to be decreased, Southwestern Water District must notify the Commission through the filing of a letter detailing the funding and/or cost revisions and estimating the rate decrease needed, upon the funding package being finalized, along with copies of the final funding commitment documentation. The District must petition the Commission for review and approval of those changes and obtain Commission approval of revised decreased rates prior to rates becoming effective upon substantial completion of the project.

IT IS FURTHER ORDERED that Southwestern Water District submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that Southwestern Water District submit to the Commission the certificate of substantial completion from the project engineer as soon as it becomes available.

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

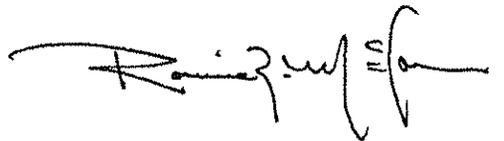
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

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

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

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

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



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 09-0066-PWD-CN

SOUTHWESTERN WATER DISTRICT, a public utility,
Flemington, Taylor County.

Application for a certificate of convenience and
necessity for the construction, operation and maintenance
of upgrades to its existing water system and extension of
its waterline to serve approximately 84 additional
customers in Taylor County.

APPROVED RATES

APPLICABILITY

Applicable within entire territory served.

AVAILABILITY

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

RATES (customers with metered water supply)

First 3,000 gallons used per month	\$8.44 per 1,000 gallons
Next 3,000 gallons used per month	\$7.30 per 1,000 gallons
Next 4,000 gallons used per month	\$6.15 per 1,000 gallons
Next 10,000 gallons used per month	\$5.27 per 1,000 gallons
All over 20,000 gallons used per month	\$4.41 per 1,000 gallons

MINIMUM CHARGE

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

5/8-inch meter	\$ 24.09
3/4-inch meter	\$ 36.14
1-1/4-inch meter	\$ 87.93
1-1/2-inch meter	\$ 120.45
2-inch meter	\$ 192.72
3-inch meter	\$ 385.44
4-inch meter	\$ 602.25
6-inch meter	\$1,204.50
8-inch meter	\$1,927.20

The above minimum charge is subject to an additional \$0.41 per 1,000 gallons of water used per month.

RECONNECTION - \$20.00

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

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A tap fee of \$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.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

\$2.01 per 1,000 gallons is to be used to calculate a leak adjustment when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's average historical average.

SECURITY DEPOSIT

A deposit of \$50.00 or 1/6 of the average annual usage of the applicant's specific customer class, whichever is greater.

84 AUG 2007

Randy W.
Matt F.

West Virginia Infrastructure & Jobs Development Council

10-209

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

RECEIVED

MAY 07 2007

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

May 2, 2007
THRASHER ENGINEERING, INC.

Donald Gull, Chairman
Southwestern Water Public Service District
P.O. Box 98
Flemington, West Virginia 25347

Re: Southwestern Water Public Service District
Water Project 2007W-965

Dear Mr. Gull:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Southwestern Water Public Service District's (the "District") preliminary application to replace existing water lines, three existing pressure pump stations, upgrade the main booster pump station, construct two tanks, and extend water lines to 84 new customers (the "Project").

Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Council determined that the District should pursue a \$6,100,000 Drinking Water Treatment Revolving Fund loan and a \$4,000,000 Rural Utilities Service loan to fund this \$10,100,000 project. Please contact the West Virginia Bureau for Public Health office at 558-6715 and the Rural Utilities Service office at 636-2158 for specific information on the steps the District needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from these agencies.

If you have any questions regarding this matter, please contact Jeff Brady at 558-4607.

Sincerely,



Kenneth Lowe, Jr.

Enclosure

cc: Bob DeCrease, BPH (w/o enclosure)
Joseph Crickenberger, RUS
Region VI Planning & Development Council
Matthew Fluharty / Randy Watson, Thrasher Engineering, Inc.

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2010 A BONDS

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

1. On the 12th day of March, 2010, at Flemington, West Virginia, the undersigned received for the Purchaser the Southwestern Water District Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), No. AR-1 (the "Series 2010 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$4,185,000, dated the date hereof, bearing interest at the rate of 4.0% per annum, payable in monthly installments as stated in the Bond. The Series 2010 A Bonds represent the entire above captioned Bond issue.

2. At the time of such receipt, the Series 2010 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Southwestern Water District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$982,639.81, being a portion of the principal amount of the Series 2010 A Bonds. The balance of the principal amount of the Series 2010 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

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WITNESS my signature on the dated as of the day and year first written above


Authorized Representative

01.08.10
850750.00001

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

CROSS-RECEIPT FOR SERIES 2010 B BONDS AND BOND PROCEEDS

On this 12th day of March, 2010, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of the Public Service Board of Southwestern Water District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Southwestern Water District Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), issued in the principal amount of \$6,100,000, as a single, fully registered Bond, numbered BR-1 and dated March 12, 2010 (the "Series 2010 B Bonds").

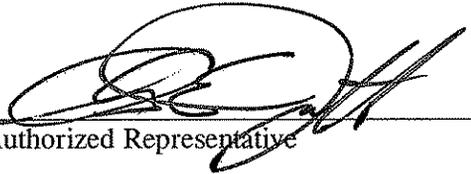
2. At the time of such receipt of the Series 2010 B Bonds upon original issuance, the Series 2010 B Bonds had been executed by the Chairman and Secretary of the Public Service Board of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2010 B Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2010 B Bonds, of \$51,094, being a portion of the principal amount of the Series 2010 B Bonds. The balance of the principal amount of the Series 2010 B Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY



Authorized Representative

SOUTHWESTERN WATER DISTRICT



Chairman

01.08.10
850750.00001

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2010 B BONDS

The Huntington National Bank, as
Bond Registrar for the Series 2010 B Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 12th day of March, 2010.

- (1) Bond No. BR-1, constituting the entire original issue of Southwestern Water District Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), in the principal amount of \$6,100,000 dated March 12, 2010 (the "Series 2010 B Bonds"), executed by the Chairman and the Secretary of the Public Service Board of Southwestern Water District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on March 10, 2010, and a Supplemental Resolution duly adopted by the Issuer on March 10, 2010 (collectively, the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Secretary of the Issuer;
- (3) Executed counterparts of the loan agreement dated March 12, 2010 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"); and
- (4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2010 B Bonds.

You are hereby requested and authorized to deliver the Series 2010 B Bonds to the Authority upon payment to the Issuer of the sum of \$51,094, representing a portion of the principal amount of the Series 2010 B Bonds. Prior to such delivery of the Series 2010 B Bonds, you will please cause the Series 2010 B Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2010 B Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

SOUTHWESTERN WATER DISTRICT


Chairman

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHWESTERN WATER DISTRICT
WATER REVENUE BOND, SERIES 2010 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

SPECIMEN

No. AR-1

Date: March 12, 2010
(Amended April 14, 2010)

FOR VALUE RECEIVED, SOUTHWESTERN WATER DISTRICT (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR MILLION ONE HUNDRED AND EIGHTY FIVE THOUSAND DOLLARS (\$4,185,000), plus interest on the unpaid principal balance at the rate of 4.0% 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 this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$17,870, 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 acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of 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 Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on March 10, 2010, a Supplemental Resolution of the Borrower duly adopted on March 10, 2010 and a Second Supplemental

Resolution duly adopted on April 14, 2010, authorizing issuance of this Bond (collectively, 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 Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 12, 2010, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,100,000.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SOUTHWESTERN WATER 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.

SOUTHWESTERN WATER DISTRICT

[CORPORATE SEAL]

Donald M. [Signature]
(Signature of Executive Official)

Chairman
(Title of Executive Official)

P.O. Box 98
(P.O. Box No. or Street Address)

Flemington, West Virginia 26347
(City, State and Zip Code)

ATTEST:
Misty [Signature]
(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$982,639.81	March 12, 2010	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____
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
Borrower with full power of substitution in the premises.

Dated: _____, 20____.

In presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHWESTERN WATER DISTRICT
WATER REVENUE BOND, SERIES 2010 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1

\$6,100,000

KNOW ALL MEN BY THESE PRESENTS: That on the 12th day of March, 2010, SOUTHWESTERN WATER DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Taylor County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum SIX MILLION AND ONE HUNDRED THOUSAND DOLLARS (\$6,100,00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011 to and including September 1, 2041, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. The Administrative Fee of 1% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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").

This Bond 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 the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated March 12, 2010.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on March 10, 2010, and a

Supplemental Resolution duly adopted by the Issuer on March 10, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 12, 2010, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,185,000 (THE "SERIES 2010 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2010 A Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2010 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds; provided however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond 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 Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, 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.

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SOUTHWESTERN WATER DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the date first written above.

[SEAL]

Donald W. Hall

Chairman

ATTEST:

Misty L. Finch

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 12, 2010

THE HUNTINGTON NATIONAL BANK,
as Registrar


Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$51,094	March 12, 2010	(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 \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE
 Southwestern Water District
 DWTRF
 0% Interest Rate
 1% Administrative Fee
 30 Years

Dated Date 3/12/2010
 Delivery
 Date 3/12/2010

Period Ending	Principal	Interest	Debt Service
3/12/2010			
12/1/2011	50,834		50,834
3/1/2012	50,834		50,834
6/1/2012	50,834		50,834
9/1/2012	50,834		50,834
12/1/2012	50,834		50,834
3/1/2013	50,834		50,834
6/1/2013	50,834		50,834
9/1/2013	50,834		50,834
12/1/2013	50,834		50,834
3/1/2014	50,834		50,834
6/1/2014	50,834		50,834
9/1/2014	50,834		50,834
12/1/2014	50,834		50,834
3/1/2015	50,834		50,834
6/1/2015	50,834		50,834
9/1/2015	50,834		50,834
12/1/2015	50,834		50,834
3/1/2016	50,834		50,834
6/1/2016	50,834		50,834
9/1/2016	50,834		50,834
12/1/2016	50,834		50,834
3/1/2017	50,834		50,834
6/1/2017	50,834		50,834
9/1/2017	50,834		50,834
12/1/2017	50,834		50,834
3/1/2018	50,834		50,834
6/1/2018	50,834		50,834
9/1/2018	50,834		50,834
12/1/2018	50,834		50,834
3/1/2019	50,834		50,834
6/1/2019	50,834		50,834
9/1/2019	50,834		50,834
12/1/2019	50,834		50,834
3/1/2020	50,834		50,834
6/1/2020	50,834		50,834
9/1/2020	50,834		50,834
12/1/2020	50,834		50,834
3/1/2021	50,834		50,834
6/1/2021	50,834		50,834
9/1/2021	50,833		50,833
12/1/2021	50,833		50,833
3/1/2022	50,833		50,833

BOND DEBT SERVICE
 Southwestern Water District
 DWTRF
 0% Interest Rate
 1% Administrative Fee
 30 Years

Period Ending	Principal	Interest	Debt Service
6/1/2022	50,833		50,833
9/1/2022	50,833		50,833
12/1/2022	50,833		50,833
3/1/2023	50,833		50,833
6/1/2023	50,833		50,833
9/1/2023	50,833		50,833
12/1/2023	50,833		50,833
3/1/2024	50,833		50,833
6/1/2024	50,833		50,833
9/1/2024	50,833		50,833
12/1/2024	50,833		50,833
3/1/2025	50,833		50,833
6/1/2025	50,833		50,833
9/1/2025	50,833		50,833
12/1/2025	50,833		50,833
3/1/2026	50,833		50,833
6/1/2026	50,833		50,833
9/1/2026	50,833		50,833
12/1/2026	50,833		50,833
3/1/2027	50,833		50,833
6/1/2027	50,833		50,833
9/1/2027	50,833		50,833
12/1/2027	50,833		50,833
3/1/2028	50,833		50,833
6/1/2028	50,833		50,833
9/1/2028	50,833		50,833
12/1/2028	50,833		50,833
3/1/2029	50,833		50,833
6/1/2029	50,833		50,833
9/1/2029	50,833		50,833
12/1/2029	50,833		50,833
3/1/2030	50,833		50,833
6/1/2030	50,833		50,833
9/1/2030	50,833		50,833
12/1/2030	50,833		50,833
3/1/2031	50,833		50,833
6/1/2031	50,833		50,833
9/1/2031	50,833		50,833
12/1/2031	50,833		50,833
3/1/2032	50,833		50,833
6/1/2032	50,833		50,833
9/1/2032	50,833		50,833
12/1/2032	50,833		50,833
3/1/2033	50,833		50,833
6/1/2033	50,833		50,833
9/1/2033	50,833		50,833
12/1/2033	50,833		50,833

BOND DEBT SERVICE
 Southwestern Water District
 DWTRF
 0% Interest Rate
 1% Administrative Fee
 30 Years

Period Ending	Principal	Interest	Debt Service
3/1/2034	50,833		50,833
6/1/2034	50,833		50,833
9/1/2034	50,833		50,833
12/1/2034	50,833		50,833
3/1/2035	50,833		50,833
6/1/2035	50,833		50,833
9/1/2035	50,833		50,833
12/1/2035	50,833		50,833
3/1/2036	50,833		50,833
6/1/2036	50,833		50,833
9/1/2036	50,833		50,833
12/1/2036	50,833		50,833
3/1/2037	50,833		50,833
6/1/2037	50,833		50,833
9/1/2037	50,833		50,833
12/1/2037	50,833		50,833
3/1/2038	50,833		50,833
6/1/2038	50,833		50,833
9/1/2038	50,833		50,833
12/1/2038	50,833		50,833
3/1/2039	50,833		50,833
6/1/2039	50,833		50,833
9/1/2039	50,833		50,833
12/1/2039	50,833		50,833
3/1/2040	50,833		50,833
6/1/2040	50,833		50,833
9/1/2040	50,833		50,833
12/1/2040	50,833		50,833
3/1/2041	50,833		50,833
6/1/2041	50,833		50,833
9/1/2041	50,834		50,834
	6,100,000		6,100,000

Quarterly Administrative Fee of \$7,688.51
 (Total \$922,621.40)

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

SOUTHWESTERN WATER DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$4,185,000

REGISTRATION BOOKS

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

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	March 12, 2010	United States Department of Agriculture	<i>Misty L. Finel</i>

To: File

Date: April 14, 2010

RE: Southwestern Water District

On March 12, 2010 Southwestern Water District closed on the Water Revenue Bonds, Series 2010 A (United States Department of Agriculture) in the amount of \$4,185,000, an interest rate of 4%, interest only period of 18 months and a monthly payment of \$17,787 all pursuant to February 16, 2010 closing instructions.

Post closing, the lender requested that the interest only period be changed to 24 months which would also change the monthly payment to \$17,870.

A revised bond was prepared and on April 14, 2010, the District approved a Supplemental Resolution approving the revised terms. A revised bond counsel opinion and a revised CPA Certificate were also obtained on April 14, 2010.



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

Writer's Contact Information

March 12, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture)

Southwestern Water District
Flemington, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Southwestern Water District in Taylor County, West Virginia (the "Issuer"), of its \$4,185,000 Water Revenue Bonds, Series 2010 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"), a Bond Resolution duly adopted by the Issuer on March 10, 2010, and a Supplemental Resolution duly adopted by the Issuer on March 10, 2010 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and

secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuers Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), dated March 12, 2010, issued concurrently herewith, in the aggregate principal amount of \$6,100,000, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC



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

Writer's Contact Information

April 14, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture)

Southwestern Water District
Flemington, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Southwestern Water District in Taylor County, West Virginia (the "Issuer"), of its \$4,185,000 Water Revenue Bonds, Series 2010 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"), a Bond Resolution duly adopted by the Issuer on March 10, 2010, a Supplemental Resolution duly adopted by the Issuer on March 10, 2010 and a Second Supplemental Resolution duly adopted by the Issuer on April 14, 2010 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special obligations of

the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuers Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), dated March 12, 2010, issued concurrently herewith, in the aggregate principal amount of \$6,100,000, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC



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

Writer's Contact Information

March 12, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

Southwestern Water District
Flemington, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Southwestern Water District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$6,100,000 Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 12, 2010, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2011 to and including September 1, 2041, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Series 2010 B Bonds are subject to the Administrative Fee equal to 1.0% of the principal amount of the Series 2010 B Bonds as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on March 10, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 10, 2010 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district, public corporation, and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

3. The Bond Legislation and all other necessary orders and resolutions have been duly adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuers Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), dated March 12, 2010, issued concurrently herewith, in the aggregate principal amount of \$4,185,000, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

7. With proceeds from the Series 2010 B Bonds, the Prior Note has been paid in full, and the covenants, agreements and other obligations of the Issuer to the owners of such Note has been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the owners of such Note that they have received payment for the entire outstanding principal of such Note and all interest accrued thereon on the date hereof and that such Note has been paid in full.

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

We have examined the executed and authenticated Bond numbered BR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,


STEPTOE & JOHNSON PLLC

Shawn D. Nines, Esquire

222 West Main Street
Grafton, WV 26354

304-265-5761
(Fax) 304-265-5775

March 12, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture)

Southwestern Water District
P.O. Box 98
Flemington, West Virginia 26347

United States Department of Agriculture
Rural Development
75 High Street
Federal Building, Suite 320
Morgantown, West Virginia 26505

Steptoe & Johnson PLLC
P.O. Box 1588
Charleston, West Virginia 25326

Ladies and Gentlemen:

I am counsel to Southwestern Water District, a public service district in Taylor County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, PLLC, as bond counsel, a resolution of the Issuer duly adopted March 10, 2010 and a Supplemental Resolution of the Issuer duly adopted on March 10, 2010, (collectively, 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 Taylor 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.

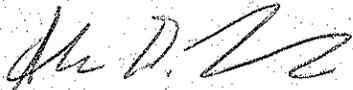
I am of the opinion that:

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

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Shawn D. Nines".

Shawn D. Nines, Esq.

Shawn D. Nines, Esquire

222 West Main Street
Grafton, WV 26354

304-265-5761
(Fax) 304-265-5775

March 12, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

Southwestern Water District
P.O. Box 98
Flemington, West Virginia 26347

Bureau of Public Health
1 Davis Square, Suite 200
Capitol and Washington Sts.
Charleston, West Virginia 25301-1798

Steptoe & Johnson PLLC
P.O. Box 1588
Charleston, West Virginia 25326

Ladies and Gentlemen:

I am counsel to Southwestern Water District, a public service district, in Taylor County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2010 B Bonds dated March 12, 2010, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), the Bond Resolution duly adopted by the Issuer on March 10, 2010, as supplemented by the Supplemental Resolution duly adopted by the Issuer on March 10, 2010 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds") and orders of The County Commission of Taylor County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a public service district and public corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.
3. 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.

4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Bureau for Public Health, The County Commission of Taylor County, and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of resolution prescribing such rates and charges.

7. To the best of my knowledge, there is no litigation, action, 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 Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. I have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and we have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



Shawn D. Nines, Esq.

LAW OFFICES
ROBERT R. RODECKER
BB&T SQUARE
300 SUMMERS STREET, SUITE 1230
POST OFFICE BOX 3713
CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER
rodecker@wvdsi.net

JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

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343-1657

March 12, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

Southwestern Water District
Flemington, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

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

I am of the opinion that:

1. The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the implementation of rates and charges, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered July 14, 2009, which became Final Order on August 3, 2009, and Commission Order dated March 3, 2010 in Case No. 09-0066-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the March 3, 2010 Order has not expired prior to the date hereof; however, the parties to such order have agreed not to appeal the Order. Such Order remains in full force and effect.

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

Sincerely,



Robert R. Rodecker

RRR/bg

Shawn D. Nines, Esquire

222 West Main Street
Grafton, WV 26354

304-265-5761
(Fax) 304-265-5775

March 12, 2010

Bureau of Public Health
1 Davis Square, Suite 200
Capitol and Washington Sts.
Charleston, WV 25301-1798

United States Department of Agriculture
Rural Development
75 High Street
Federal Building, Suite 320
Morgantown, WV 26505
Attention: Steven Collins

**Re: *Southwestern Water Public Service District
 Waterline Extension and Upgrade in Taylor, Barbour, and Harrison Counties***

Ladies and Gentlemen:

This counsel represents Southwestern Water Public Service District (Southwestern PSD) with regard to a proposed project to construct a Waterline Extension and Upgrade in Taylor, Barbour, and Harrison Counties (Project), and provides this final title opinion on behalf of Southwestern PSD to satisfy the requirements of the West Virginia Drinking Water Treatment Revolving Loan Fund Program (the "Program") and the Rural Utilities Service of the United States Department of Agriculture, Rural Development, with regard to the financing proposed for the Project. Further, this final title opinion will serve as an addendum to the previously submitted preliminary title opinion dated October 15, 2009, (the "Preliminary Title Opinion"), which is specifically incorporated herein by reference. As such, please be advised of the following:

1. That I am of the opinion that the Southwestern PSD is a duly created public service district created for the purpose of providing potable water, via construction, operation, and maintenance of a water distribution system, for the benefit of residents and businesses of Taylor, Barbour, and Harrison Counties in West Virginia. Southwestern PSD was organized, created, and currently operates under the provisions West Virginia Code §16-13A-1 *et seq.* As such, Southwestern PSD is an existing public corporation possessed with all the powers and authority granted to public corporations and public service districts under the laws of the State of West Virginia and through its water board has the full power and authority to construct, operate, and maintain the Project as approved by the Bureau for Public Health.
2. That Southwestern PSD has obtained all necessary permits and approvals for the construction of the Project. The exceptions regarding permits and approvals outlined in this counsel's Preliminary Title Opinion have been resolved. Specifically, Southwestern PSD has obtained the appropriate Stormwater and CSX Transportation Railroad Crossing permits for the instant Project.
3. That I have investigated and ascertained the locations of and am familiar with the legal descriptions of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, the consulting engineers for the Project.
4. That I have examined the records on file in the Office(s) of the Clerk of the County Commission of Taylor,

Barbour, and Harrison Counties, West Virginia, the counties wherein the Project is to be located, and, in my opinion, Southwestern PSD has acquired legal title or such other estate or interest in the necessary site components for the Project (*See Schedules A & A1 attached to this counsel's Preliminary Title Opinion*), including at least 100% of the easements and/or rights-of-way¹, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed. Further, this counsel represents that Southwestern PSD holds valid title to each of the six properties acquired prior to initiation of the Project and said properties are listed in *Schedule A1* attached to the Preliminary Title Opinion. Moreover, this counsel submits that all exceptions referenced in the Preliminary Title Opinion regarding acquired properties have been resolved. Particularly, Southwestern PSD acquired by deed of conveyance the following properties:

a. **Patrick L. Clelland et al**

Part of Tax Map 3 Parcel 34 in the Booths Creek Taxing District of Taylor County, West Virginia, previously owned by Patrick L. Clelland, James A. Celland, and John Stacy Clelland to be used as a proposed Booster site.

Legal Description:

A certain tract or parcel of land, situate in the Booths Creek District, Taylor County, West Virginia, lying west of Taylor County Route 18/2, and more particularly bounded and described as follows:

Beginning at a ¾" iron rebar set in the lands of Patrick L. Clelland et al (Tax Map 3 Parcel 34, Deed Book 292 Page 619), which bears, South 55 degrees 47 minutes 26 seconds West, a distance of 1277.91 feet to a set stone found being a common corner to a tract of land now or formerly owned by Peggy Delauder Et Al. (Tax Map 8 Parcel 23, Deed Book 311 Page 435) and a tract of land now owned by the aforesaid Patrick L. Clelland;

Thence, through said Clelland for four (4) new lines of division, North 25 degrees 06 minutes 31 seconds East, a distance of 20.00 feet to a ¾' iron rebar set which bears North 57 degrees 54 minutes 54 seconds West, a distance of 570.28 feet to a set stone found being a common corner to said Patrick L. Clelland and the aforesaid Peggy Delauder;

Thence, South 64 degrees 53 minutes 29 seconds East, a distance of 20.00 feet to a ¾" iron rebar set on the northwesterly right of way line of Taylor County Route 18/2 (Linn Chapel Road);

Thence, running with said right of way line, South 25 degrees 06 minutes 31 seconds West, a distance of 20.00 feet to a ¾" iron rebar set;

Thence, leaving said right of way line, North 64 degrees 53 minutes 29 seconds West, a distance of 20.00 feet to the **Place of Beginning**, containing 400 square feet, **More or Less**.

b. **Patriot Mining Company, Inc.,**

Part of Tax Map 8 Parcel 8 in the Courthouse Taxing District of Taylor County, West Virginia, previously owned by Patriot Mining Company, Inc to be used as a proposed Booster site.

Legal Description:

A certain tract or parcel of land, situate in the courthouse District, Taylor County, West Virginia, lying east of Taylor County Route 11, and more particularly bounded and described as follows:

¹ Further, it is this counsel's opinion, based on the information available, that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and the applicable provisions contained in West Virginia Code Chapter 54 have been met in all currently acquired properties and rights of way.

Beginning at a ¾" iron rebar set on a line common to Patriot Mining Company Inc. (Tax Map 8 Parcel 8, Deed Book 233 Page 113) and on the easterly right-of-way line of Taylor County Route 11, which bears, North 35 degrees 45 minutes 38 seconds West, a distance of 1142.70 feet to an 5/8" iron rebar found at a southerly corner of a tract of land now owned by Kevin Evanto (Tax Map 8 Parcel 8.1, Deed Book 290 Page 137);

Thence, with said Patriot Mining Company Inc. and running with said right of way of Route 11, North 30 degrees 36 minutes 26 seconds West, a distance of 28.09 feet to a ¾" iron rebar set;

Thence, leaving said Route 11 and running through the lands of said Patriot Mining Company for seven (7) lines, North 59 degrees 36 minutes 07 seconds East, a distance of 4.37 feet to ¾" iron rebar set;

Thence, North 30 degrees 32 minutes 07 seconds West. A distance of 4.16 feet to a ¾" iron rebar set;

Thence, North 59 degrees 27 minutes 53 seconds East, a distance of 20.00 feet to a ¾" iron rebar set;

Thence, South 30 degrees 32 minutes 07 seconds East, a distance of 32.25 feet to a ¾" iron rebar set;

Thence, North 59 degrees 33 minutes 52 seconds East, a distance of 0.67 feet to a ¾" iron rebar set;

Thence, South 30 degrees 26 minutes 08 seconds East, a distance of 25.00 feet to a ¾" iron rebar set, which bears, South 87 degrees 46 minutes 22 seconds East, a distance of 32.60 feet to a utility pole on the lands of said Patriot Mining Company;

Thence, South 59 degrees 33 minutes 52 seconds West, a distance of 25.00 feet to a ¾" iron rebar set on the easterly right-of-way line of said Taylor County Route 11;

Thence, with said Taylor County Route 76, North 30 degrees 26 minutes 08 seconds West, a distance of 25.00 feet to the **Place of Beginning**, containing 1,392 square feet, **More or Less**

c. **Louise Stadler Batman**

Part of Tax Map 6 Parcel 34.9 in the Flemington Taxing District of Taylor County, West Virginia, previously owned by Louise Stadler Batman to be used as a Water Storage Tank site.

Legal Description:

A certain parcel of land, together with the improvements thereon and the appurtenances thereunto belonging, situate in the Flemington District, Taylor County, West Virginia, lying north of Taylor County Route 50/3, which Plat is attached hereto and specifically incorporated herein by reference, and more particularly bounded and described as follows:

Beginning at a ¾" rebar found on a common line between a tract of land now owned by Edward J. Peoscek (Tax Map 6 parcel 34.8, Deed Book 268 Page 151)

and Louise Stadler Batman (Tax Map 6 parcel 34.9, Deed Book 285 Page 725) said point also being the east corner to an existing tank lot now owned by Southwestern PSD (Tax Map 6 Parcel 34.4, Deed Book 150 Page 211);

Thence, with said common line of said Batman and Peoscek, South 47 degrees 07 minutes 24 seconds East, a distance of 23.64 feet to a ¾" rebar now set;

Thence, running for three (3) new lines of division through the lands of Louise Stadler Batman, South 26 degrees 34 minutes 45 seconds West, a distance of 69.88 feet to a ¾" rebar now set;

Thence, North 71 degrees 15 minutes 57 seconds West, a distance of 188.00 feet to a ¾" rebar now set, which bears South 06 degrees 32 minutes 30 seconds West, a distance of 52.08 feet to a ½" rebar found with cap, being a common corner to said Batman and a tract of land now or formerly owned by Loretta A. Molinaro, (Tax Map 6 Parcel 34, Deed Book 238 Page 612);

Thence, North 26 degrees 34 minutes 45 seconds East, a distance of 150.62 feet to a ¾" rebar now set on said common line of Batman and Peoscek, said point bears North 46 degrees 56 minutes 45 seconds West a distance of 67.53 feet to a ½" iron rebar found being a common corner to said Batman and Peoscek;

Thence, with said common line, South 46 degrees 56 minutes 45 seconds East, a distance 170.57 feet to the first described ⅝" rebar found, thence running with four (4) common lines of said Southwestern PSD tank lot, South 26 degrees 29 minutes 13 seconds West , a distance of 60.14 feet to a ⅝" rebar found;

Thence, North 63 degrees 25 minutes 15 seconds West, a distance of 60.06 feet to a ⅝" rebar found;

Thence, North 26 degrees 24 minutes 47 seconds East, a distance of 59.85 feet to a ⅝" rebar found;

Thence, South 63 degrees 41 minutes 53 seconds East, a distance of 60.14 feet the **Place of Beginning**, containing 16, 926 square feet, **More or Less**

As mentioned above, Southwestern PSD has acquired **100%** of the easements and/or rights-of-way necessary for the Project. All of the easements and/or rights of way were conveyed to Southwestern PSD by deed recorded in the appropriate county office; however, the following easements and/or rights of way were granted to Southwestern PSD by Order of the Circuit Court granting a Right of Entry for construction and placement of subject waterline:

- a. Circuit Court of Barbour County
Civil Case Number 09-C-78
Southwestern Public Service District v. Janice Stoper, Dorothy Lee Takacs, and Loretta Neubert
Order Entered: January 25, 2010
Easement Over: Pleasant Taxing District of Barbour County, West Virginia Tax Map 12B at Parcel 40
- b. Circuit Court of Barbour County
Civil Case Number 10-C-78
Southwestern Public Service District v. Sax Hare, Inc.
Order Entered: January 25, 2010
Easement Over: Pleasant Taxing District of Barbour County, West Virginia Tax Map 12 at Parcel 36

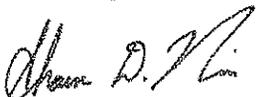
- c. Circuit Court of Harrison County
Civil Case Number 10-C-9
Southwestern Public Service District v. William and Susan Haslebacher
Order Entered: January 20, 2010
Easement Over: Simpson-Outside Taxing District of Harrison County, West Virginia Tax Map 310 at Parcel 10
- d. Circuit Court of Harrison County
Civil Case Number 10-C-11
Southwestern Public Service District v. Stephen and Loretta Harris
Order Entered: January 20, 2010
Easement Over: Simpson-Outside Taxing District of Harrison County, West Virginia Tax Map 2301 at Parcel 107
- e. Circuit Court of Harrison County
Civil Case Number 10-C-12
Southwestern Public Service District v. John L. Depolo
Order Entered: January 20, 2010
Easement Over: Simpson-Outside Taxing District of Harrison County, West Virginia Tax Map 310 at Parcel 7.1
- f. Circuit Court of Taylor County
Civil Case Number 10-C-6
Southwestern Public Service District v. Harlan Felton aka Harlin Felton
Order Entered: February 1, 2010
Easement Over: Courthouse Taxing District of Taylor County, West Virginia Tax Map 14A at Parcel 74
- g. Circuit Court of Taylor County
Civil Case Number 10-C-8
Southwestern Public Service District v. Ronald Campbell, Jr. and Adrianna Wright (a minor)
Order Entered: February 1, 2010
Easement Over: Courthouse Taxing District of Taylor County, West Virginia Tax Map 8A at Parcel 2

5. That any deeds or other documents acquired by Southwestern PSD have been duly recorded in the appropriate Office(s) of the Clerk of the County Commission of Taylor, Barbour, and/or Harrison Counties, West Virginia in order to protect the legal title to and interest of Southwestern PSD.

6. That Southwestern PSD has obtained from the West Virginia Department of Highways *approval* for a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans. Thrasher Engineering reports that said authorization has been granted; however, the actual permit will be finalized prior to construction as is common practice in the industry.

Should you have any questions or concerns, please do not hesitate to contact me.

Best Regards,


Shawn D. Nines, Esq.

Enclosures

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Southwestern Water District, in Taylor County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 12th day of March, 2010, in connection with the Southwestern Water District Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$4,185,000 (the "Series 2010 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 2010 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated April 22, 2008, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted on March 10, 2010, and the Supplemental Resolution duly adopted on March 10, 2010, authorizing issuance of the Series 2010 A Bonds (collectively, the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein. The Series 2010 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2010 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2010 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2010 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 2010 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 2010 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered July 14, 2009, which became Final Order on August 3, 2009 and Commission Order dated March 3, 2010, in Case No. 09-0066-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the March 3, 2010 Order has not expired prior to the date hereof; however, the parties to such order have agreed not to appeal the Order. Such Order remains in full force and effect.

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

Upon payment of the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), dated March 12, 2010, issued concurrently herewith, issued in the original aggregate principal amount of \$6,100,000 (the "Series 2010 B Bonds"). Other than the Series 2010 B Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2010 A Bonds as to liens, pledge and/or service of and security for payment.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2010 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2010 A Bonds for the Issuer.

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

Bond Resolution

Supplemental Resolution

USDA Letter of Conditions, with all amendments

DWTRF Program Loan Agreement for Series 2010 B Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Filing

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

Bureau for Public Health Permit

United States Department of Agriculture Loan Agreement

Evidence of Insurance

Receipt & Release of Prior Notes

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Misty Finch	February 7, 2005	February 7, 2011
Donnis Barney	September 2, 2008	September 2, 2014
Donald Gull	June 14, 2004	June 14, 2010

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2010 are as follows:

Chairman	-	Donald Gull
Secretary	-	Misty Finch
Treasurer	-	Donnis Barney

The duly appointed and acting Attorney for the Issuer is Shawn Nines, Esquire, Grafton, West Virginia and duly appointed Special PSC Counsel is Robert Rodecker, Esquire, Charleston, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2010 A Bonds were delivered to the Purchaser at Moundsville, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery, the Series 2010 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2010 A Bonds, the undersigned Chairman received \$982,639.81, being a portion of the principal amount of the Series 2010 A Bonds. Further advances of the balance of the principal amount of the Series 2010 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2010 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.0% per annum is payable from the date of each respective advance.

The Series 2010 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will

not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2010 A Bonds.

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

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Resolution. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code.

12. CONNECTIONS, ETC.: The Issuer will serve at least 2,077 bona fide users with the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

14. 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 2010 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.

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

16. 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 corporate seal of SOUTHWESTERN WATER DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Donald A. Hull

Chairman

Misty L. Finell

Secretary

Ann D. [Signature]

Attorney for Issuer

Rahmet R. Rodriguez

Special PSC Counsel
(Paragraph 3)

850750.00001

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME; ETC.
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. PUBLIC SERVICE COMMISSION ORDER
15. SIGNATURES AND DELIVERY
16. BOND PROCEEDS
17. PUBLICATION OF NOTICE OF FILING
18. SPECIMEN BONDS
19. CONFLICT OF INTEREST
20. PROCUREMENT OF ENGINEERING SERVICES
21. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Southwestern Water District in Taylor County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify, on this the 12th day of March, 2010, in connection with the Issuer's Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), dated the date hereof (the "Series 2010 B Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted March 10, 2010, and the Supplemental Resolution duly adopted March 10, 2010 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or

sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3, GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited 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, NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

Upon payment of the Prior Notes, there are outstanding bonds of the Issuer which will rank on a parity with the Series 2010 B Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's (Water Revenue Bonds, Series 2010 A (United States Department of Agriculture), dated March 12, 2010, issued concurrently herewith in the original aggregate principal amount of \$4,185,000. Other than the Series 2010 A Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2010 B Bonds as to liens, pledges and/or source of and security for payment.

The Issuer has obtained the certificate of an Independent Certified Public Accountant stating that the coverage test are met.

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

Bond Resolution

Supplemental Resolution

USDA Letter of Conditions, with all amendments

DWTRF Program Loan Agreement for Series 2010 B Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

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

Bureau for Public Health Permit

United States Department of Agriculture Loan Agreement

Evidence of Insurance

Receipt and release of Prior Notes

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Southwestern Water District." The Issuer is a public service district and public corporation duly created by The County Commission of Taylor County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 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>
Misty Finch	February 7, 2005	February 7, 2011
Donnis Barney	September 2, 2008	September 2, 2014
Donald Gull	June 14, 2004	June 14, 2010

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2010 are as follows:

Chairman	-	Donald Gull
Secretary	-	Misty Finch
Treasurer	-	Donnis Barney

The duly appointed and acting counsel to the Issuer is Shawn Nines of Grafton, West Virginia and the duly appointed Special PSC Counsel is Robert Rodecker, Esquire of Charleston, West Virginia..

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

8. MEETINGS, ETC.: All actions, resolutions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction and financing of the Project or the operation of the System were authorized or adopted at regular or special 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 elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the dates of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water

Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Loan Agreement. All insurance for the System required by the Ordinance and the Loan Agreement are in full force and effect.

12. VERIFICATION OF SCHEDULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

13. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on July 14, 2009 which became Final Order on August 3, 2009 and Commission Order date March 3, 2010, in Case No. 09-0066-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the March 3, 2010 Order has not expired prior to the date hereof; however, the parties to such order have agreed not to appeal the Order. Such Order remains in full force and effect.

14. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered July 14, 2009, which became Final Order on August 3, 2009 and Commission Order dated March 3, 2010 in Case No. 09-0066-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the March 3, 2010 Order has not expired prior to the date hereof; however, the parties to such order have agreed not to appeal the Order. Such Order remains in full force and effect.

15. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

16. BOND PROCEEDS: On the date hereof, the Issuer received \$51,094 from the Authority and the BPH, being a portion of the principal amount of the Series 2010 B Bonds. The balance of the principal amount of the Series 2010 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

17. PUBLICATION OF NOTICE OF FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges and filing of a formal

application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia.

18. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

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

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

21. 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.

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WITNESS our signatures and the official seal of SOUTHWESTERN WATER DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Donald A. Bull

Chairman

Misty L. Fink

Secretary

Ann D. Zick

Counsel to the Issuer

Robert R. Roduka

Special PSC Counsel
(Paragraphs 13 and 14)

850750.00001

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

I, Kenneth Moran, Registered Professional Engineer, West Virginia License No. 11309, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 12th day of March, 2010 as follows:

1. My firm is engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Southwestern Water District (the "Issuer") to be constructed primarily in Barbour, Harrison and Taylor Counties, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on March 10, 2010, as supplemented by the Supplemental Resolution adopted by the Issuer on March 10, 2010, the Letter of Conditions of the Rural Utilities Service (the "RUS") for the Series 2010 A Bonds dated August 19, 2002, as amended (the "Letter of Conditions"), and the Loan Agreement for the Series 2010 B Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated March 12, 2010 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying the Waterworks System Bond Anticipation Notes, Series 2008, (ii) paying the costs of acquisition and construction of the Project; and (iii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by RUS, the Authority and the BPH, and any change orders approved by the Issuer, RUS, the BPH, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Shawn D. Nines, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with

the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Bennett & Dobbins, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Letter of Conditions and the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by RUS, the Authority and the BPH; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The project will serve 65 new customers in the Galloway/Rt. 76, Brownton, Wender, Wester, Lynn Chapel, Valley Falls and Simpson areas in Barbour and Taylor Counties.

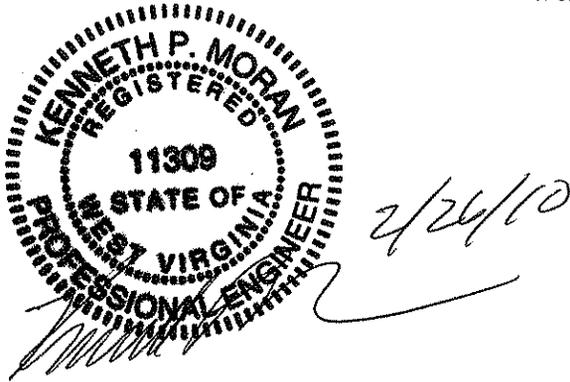
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WITNESS my signature and seal on the day and year first written above.

THRASHER ENGINEERING, INC.

(SEAL)


Kenneth Moran, P. E.
West Virginia License No. 11309



**SCHEDULE B
SOUTHWESTERN WATER DISTRICT**

A. COST OF PROJECT	TOTAL	Design Loan	Revised Total	DWTRF	RUS
1 Construction					
Contract 1	3,931,797.23	0.00	3,931,797.23	3,931,797.23	0.00
Contract 2	1,564,244.65	0.00	1,564,244.65	1,564,244.65	0.00
Contract 3	898,800.00	0.00	898,800.00	450,458.12	448,341.88
Contract 4	494,600.00	0.00	494,600.00	0.00	494,600.00
Contract 5	202,051.50	0.00	202,051.50	0.00	202,051.50
Contract 6	460,647.00	0.00	460,647.00	0.00	460,647.00
Contingency	629,639.62	0.00	629,639.62	0.00	629,639.62
2 Technical Services - Thrasher					
b. Basic	810,000.00	542,355.38	267,644.62	0.00	267,644.62
c. Inspection	450,000.00	0.00	450,000.00	0.00	450,000.00
d. Special Services	159,500.00	127,144.62	32,355.38	0.00	32,355.38
3 Legal (Local)	50,020.00	40,016.00	10,004.00	0.00	10,004.00
Legal (PSC)	17,500.00	12,746.98	4,753.02	0.00	4,753.02
4 Accounting	10,000.00	10,000.00	0.00	0.00	0.00
5 Land & ROWs	35,500.00	23,750.00	11,750.00	0.00	11,750.00
6 Administrative	115,000.00	0.00	115,000.00	115,000.00	0.00
7 Project Contingency	13,058.00	4,984.83	8,073.17	0.00	8,073.17
8 Miscellaneous					
a. WVDH Inspection Fees	75,000.00	0.00	75,000.00	0.00	75,000.00
b. Permits	23,620.00	3,420.00	20,200.00	0.00	20,200.00
c. Design Loan Closing Costs	15,000.00	15,000.00	0.00	0.00	0.00
d. Design Loan interest (bank)	131.33	131.33	0.00	0.00	0.00
e. Design loan interest (reimburse)	38,390.67		38,390.67	0.00	38,390.67
f. Repay Design Loan		779,549.14	779,549.14	0.00	779,549.14
9 TOTAL of Lines 1 through 8	9,994,500.00		9,994,500.00	6,061,500.00	3,933,000.00
B. COST OF FINANCING					
10 Funded Reserve	0.00		0.00	0.00	0.00
11 Capitalized Interest	252,000.00		252,000.00	0.00	252,000.00
12 Registrar	500.00		500.00	500.00	0.00
13 Bond Counsel	38,000.00		38,000.00	38,000.00	0.00
14 Cost of Financing (lines 10 through 13)	290,500.00		290,500.00	38,500.00	252,000.00
15 TOTAL PROJECT COST line 9 plus line 14	10,285,000.00		10,285,000.00	6,100,000.00	4,185,000.00
C. SOURCES OF OTHER FUNDS					
16 Federal Grants	0.00		0.00	0.00	0.00
17 State Grants	0.00		0.00	0.00	0.00
18 Other Grants	0.00		0.00	0.00	0.00
19 TOTAL GRANTS Lines 16 through 18	0.00		0.00	0.00	0.00
20 Size of Bond Issue (Line 15 minus line 19)	10,285,000.00		10,285,000.00	6,100,000.00	4,185,000.00

Donald A. Bull
Southwestern Water District

March 10, 2010
Date

Walter W. Kelly
Thrasher Engineering, Inc.

March 10, 2010
Date

To: File

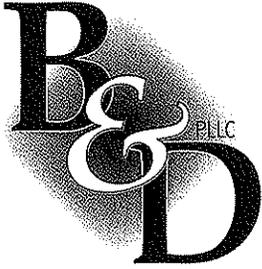
Date: April 14, 2010

RE: Southwestern Water District

On March 12, 2010 Southwestern Water District closed on the Water Revenue Bonds, Series 2010 A (United States Department of Agriculture) in the amount of \$4,185,000, an interest rate of 4%, interest only period of 18 months and a monthly payment of \$17,787 all pursuant to February 16, 2010 closing instructions.

Post closing, the lender requested that the interest only period be changed to 24 months which would also change the monthly payment to \$17,870.

A revised bond was prepared and on April 14, 2010, the District approved a Supplemental Resolution approving the revised terms. A revised bond counsel opinion and a revised CPA Certificate were also obtained on April 14, 2010.



Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

March 12, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

Southwestern Water District
Flemington, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

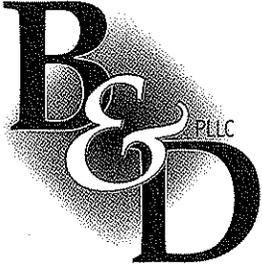
Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia in Case No. 09-0066-PWD-CN, entered July 14, 2009 and Commission Order dated March 3, 2010, and projected operating expenses and anticipated customer usage as furnished to me by Thrasher Engineering, Inc., Consulting Engineer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Southwestern Water District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Issuer's: (i) Water Revenue Bonds, Series 2010 A (United States Department of Agriculture) to be issued in the original aggregate principal amount of \$4,185,000; and (ii) Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program) to be issued in the original aggregate principal amount of \$6,100,000, (collectively, the "Series 2010 Bonds").

Very truly yours,

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC



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GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

April 14, 2010

Southwestern Water District
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

Southwestern Water District
Flemington, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Step toe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia in Case No. 09-0066-PWD-CN, entered July 14, 2009 and Commission Order dated March 3, 2010, and projected operating expenses and anticipated customer usage as furnished to me by Thrasher Engineering, Inc., Consulting Engineer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Southwestern Water District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Issuer's: (i) Water Revenue Bonds, Series 2010 A (United States Department of Agriculture) to be issued in the original aggregate principal amount of \$4,185,000; and (ii) Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program) to be issued in the original aggregate principal amount of \$6,100,000, (collectively, the "Series 2010 Bonds").

Very truly yours,

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

On this 12th day of March, 2010, the undersigned Chairman of the Public Service Board of Southwestern Water District in Taylor County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$6,100,000 Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), dated March 12, 2010 (the "Series 2010 B Bonds" or the "Bonds"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on March 10, 2010 as supplemented by Supplemental Resolution duly adopted by the Issuer on March 10, 2010 (collectively, the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 12, 2010, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2010 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Bureau for Public Health (the "BPH"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2010 B Bonds were sold on March 12, 2010, to the Authority, pursuant to a loan agreement dated March 12, 2010, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of \$6,100,000 (100% of par), at which time, the Issuer received \$51,094 from the Authority and the BPH, being the first advance of the principal amount of the Series 2010 B Bonds. No accrued interest has been or will be paid on the Series 2010 B Bonds. The balance of the principal amount of the Series 2010 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2010 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Series 2010 B Bonds and related costs.

On the date hereof, the Issuer has simultaneously issued its Water Revenue Bonds, Series 2010 A (United States Department of Agriculture) in the aggregate principal amount of \$4,185,000 (the "Series 2010 A Bonds") to pay a portion of the costs of the Project.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Series 2010 B Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September 1, 2011. The acquisition and construction of the Project is expected to be completed by March 1, 2011.

8. The total cost of the Project is estimated at \$10,285,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2010 A Bond	\$ 4,185,000.00
Proceeds of the Series 2010 B Bonds	<u>\$ 6,100,000.00</u>
Total Sources	<u>\$10,285,000.00</u>

USES

Costs of Acquisition and Construction of the Project	\$9,214,950.86
Payment of Prior Notes	\$779,549.14
Costs of Issuance	\$38,500.00
Capitalized Interest on Series 2010 A Bonds	<u>\$252,000.00</u>
Total Uses	<u>\$10,285,000.00</u>

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2010 B Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;

- (3) Series 2010 Bonds Construction Trust Fund;
- (4) Series 2010 B Bonds Sinking Fund; and
- (5) Series 2010 B Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 2010 B Bonds will be deposited as follows:

(1) Series 2010 B Bonds proceeds in the amount of \$-0-will be deposited in the Series 2010 B Bonds Reserve Account.

(2) The balance of the proceeds of the Series 2010 B Bonds will be deposited in the Series 2010 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2010 B Bonds and related costs.

11. Monies held in the Series 2010 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2010 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2010 B Bonds Sinking Fund and Series 2010 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2010 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2010 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 18 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2010 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2010 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2010 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2010 B Bonds Reserve Account and the Series 2010 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

24. Other than the Series 2010 A Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

27. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

WITNESS my signature on the date first written above.

SOUTHWESTERN WATER DISTRICT



Chairman

01.08.10
850750.00001

**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 23rd day of December, 2009.

CASE NO. 09-1885-PWD-PC

BARBOUR COUNTY COMMISSION, Philippi, Barbour County;
HARRISON COUNTY COMMISSION, Clarksburg, Harrison
County; and TAYLOR COUNTY COMMISSION, Grafton,
Taylor County.

Petition for consent and approval to expand the boundaries
of Southwestern Water District for the provision of water service.

COMMISSION ORDER

The Commission approves an expansion of the service territory of Southwestern Water District.

BACKGROUND

Pursuant to W. Va. Code § 16-13A-2, the County Commissions of Taylor, Harrison and Barbour Counties have petitioned for the Commission's consent to expand the service territory of the Southwestern Water District. Southwestern currently has authority to provide water service, as a public service district, in parts of these three counties, and the County Commissions desire that Southwestern serve larger portions of each county and achieve efficiencies of operations. Each County Commission file orders authorizing the enlargement and a metes and bounds description, respectively, of the enlarged service area.

Taylor County Commission actions

The Taylor County Commission conducted a public hearing on the proposed expansion on September 8, 2009, at the Taylor County Courthouse in Grafton. Taylor Co. Comm'n Order p. 5 (adopted Sept. 8, 2009, filed with PSC Sept. 18, 2009). Notice of that hearing was published in Taylor County at least ten days prior to the hearing and posted in five conspicuous places within Southwestern's territory. Affidavit re: Aug. 24, 2009

publication in *The Mountain Statesman* and Affidavit re: posting (both filed Sept. 18, 2009). The proposed Taylor County Commission Order also was provided to the Barbour and Harrison County Commissions ten days prior to the hearing. Taylor Co. Comm'n Order p. 1 (adopted Sept. 8, 2009, filed with PSC Sept. 18, 2009).

Following the public hearing, the Taylor County Commission adopted the proposal to enlarge Southwestern's service territory. Taylor County Comm'n Order p. 2 (adopted Sept. 8, 2009, filed with PSC Sept. 18, 2009).

Harrison County Commission actions

The Harrison County Commission conducted a public hearing on the proposed expansion on October 1, 2009, at the Harrison County Courthouse in Clarksburg. Harrison Co. Comm'n Order p. 1 (adopted Oct. 1, 2009, filed with PSC Oct. 9, 2009). Notice of that hearing was published in Harrison County at least ten days prior to the hearing and posted in five conspicuous places within Southwestern's territory. Affidavit re: Sept. 15, 2009 publication in *The Exponent-Telegram* and Affidavit re: posting (both filed Oct. 9, 2009). The proposed Harrison County Commission Order also was provided to the Barbour and Taylor County Commissions ten days prior to the hearing. Harrison Co. Comm'n Order p. 1 (adopted Oct. 1, 2009, filed with PSC Oct. 9, 2009).

Following the public hearing, the Harrison County Commission adopted the proposal to enlarge Southwestern's service territory. Harrison County Comm'n Order p. 3 (adopted Oct. 1, 2009, filed with PSC Oct. 9, 2009).

Barbour County Commission actions

The Barbour County Commission conducted a public hearing on the proposed expansion on November 2, 2009, at the Barbour County Courthouse in Philippi. Barbour Co. Comm'n Order p. 1 (adopted Nov. 2, 2009, filed with PSC Nov. 5, 2009). Notice of that hearing was published in Barbour County at least ten days prior to the hearing and posted in five conspicuous places within Southwestern's territory. Affidavit re: Oct. 14, 2009 publication in *The Barbour Democrat* and Affidavit re: posting (both filed Nov. 5, 2009). Id. The proposed Barbour County Commission Order also was provided to the Taylor and Harrison County Commissions ten days prior to the hearing. Barbour Co. Comm'n Order p. 1 (adopted Nov. 2, 2009, filed with PSC Nov. 5, 2009).

Following the public hearing, the Barbour County Commission adopted the proposal to enlarge Southwestern's service territory. Barbour County Comm'n Order p. 2 (adopted Nov. 2, 2009, filed with PSC Nov. 5, 2009).

PSC Staff Recommendation

On December 2, 2009, Commission Staff advised that the County Commissions had adequately complied with the requirements of W. Va. Code § 16-13A-2(a-d, f), including providing adequate public notice, and recommended that the petition be approved without a hearing. Initial & Final Joint Staff Memorandum p. 1 (Dec. 2, 2009), and Utilities Division Initial & Final Recommendation pp. 1-2 (attached to Initial & Final Joint Staff Memorandum).

DISCUSSION

W. Va. Code § 16-13A-2(a) requires a county commission proposing to expand a PSD to obtain the consent and approval of the Public Service Commission after the county commission has acted. The county commission must adopt an order containing a description, including metes and bounds, sufficient to identify the revised territory. The Barbour, Harrison and Taylor County Commissions have each adopted an order proposing to expand the Southwestern Water District with the required descriptions.

W. Va. Code §§ 16-13A-2(b) and (c) require that a petition to expand a PSD be filed with the Clerk of the County Commission in any county in which the PSD's territory is located. The Harrison, Barbour and Taylor County Commissions each notified the other county commissions of the proposed enlargement.

W. Va. Code § 16-13A-2(c) requires a county commission to conduct a hearing on the proposed expansion not more than 40 days nor less than 20 days from the date of the order proposing the expansion and to publish a Class I legal advertisement at least 10 days prior to the hearing. W. Va. Code § 16-13A-2(f) requires the county commission to file a copy of its final order with the PSC within 10 days of the final order's adoption.

	Order to Set Hearing	Publication	Hearing and Adoption	Adoption Order filed @ PSC
Barbour	October 5	October 14	November 2	November 5
Harrison	August 27	September 15	October 1	October 9
Taylor	August 5	August 24	September 8	September 18

The Harrison, Barbour and Taylor County Commissions have met these statutory time requirements.

W. Va. Code § 16-13A-2(d) requires that notice also be posted in at least five conspicuous locations in the proposed public service district. All of the county commissions have provided affidavits of posting regarding the proposed expansion and hearing dates.

It is reasonable and efficient to expand Southwestern's service territory so that additional customers can receive public water service in Harrison, Barbour and Taylor Counties. Because the County Commissions of Harrison, Barbour and Taylor Counties have complied with the statutory requirements to enlarge Southwestern's territory, the Commission will grant its consent.

FINDINGS OF FACT

1. The County Commissions of Barbour, Taylor and Harrison Counties each conducted a public hearing and provided public notice of their proposals to enlarge Southwestern's service territory. Affidavit re: Aug. 24, 2009 publication in *The Mountain Statesman* and Affidavit re: posting in Taylor County (both filed Sept. 18, 2009), Taylor Co. Comm'n Order p. 1 (adopted Sept. 8, 2009, filed with PSC Sept. 18, 2009); Affidavit re: Sept. 15, 2009 publication in *The Exponent-Telegram* and Affidavit re: posting in Harrison County (both filed Oct. 9, 2009), Harrison Co. Comm'n Order p. 1 (adopted Oct. 1, 2009, filed with PSC Oct. 9, 2009); Affidavit re: Oct. 14, 2009 publication in *The Barbour Democrat* and Affidavit re: posting in Barbour County (both filed Nov. 5, 2009), Barbour Co. Comm'n Order p. 1 (adopted Nov. 2, 2009, filed with PSC Nov. 5, 2009).

2. Following their public hearings, the County Commissions of Barbour, Taylor and Harrison Counties have each adopted Orders to enlarge Southwestern's service territory. Taylor Co. Comm'n Order p. 1 (adopted Sept. 8, 2009, filed with PSC Sept. 18, 2009); Harrison Co. Comm'n Order p. 1 (adopted Oct. 1, 2009, filed with PSC Oct. 9, 2009); Barbour Co. Comm'n Order p. 1 (adopted Nov. 2, 2009, filed with PSC Nov. 5, 2009).

3. Staff recommends that the Commission approve the expansion. Initial & Final Joint Staff Memorandum p. 1 (Dec. 2, 2009).

CONCLUSIONS OF LAW

1. It is reasonable and efficient to expand Southwestern's service territory so that additional customers can receive public water service in Harrison, Barbour and Taylor Counties.

2. The County Commissions of Harrison, Barbour and Taylor Counties have complied with the statutory requirements to enlarge Southwestern's territory

ORDER

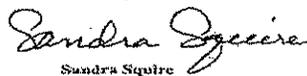
IT IS THEREFORE ORDERED that, pursuant to W. Va. Code § 16-13A-2, the Commission grants its consent to the enlargement of the service territory of Southwestern

Water District as has been proposed by the County Commissions of Barbour, Harrison and Taylor Counties.

IT IS FURTHER ORDERED that that this matter is 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 on all parties by United States First Class Mail or **electronic mail** and on Commission Staff by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

CLW/tt
091885c.wpd

BEFORE THE COUNTY COMMISSION OF BARBOUR COUNTY**A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF
THE TERRITORY OF SOUTHWESTERN WATER DISTRICT**

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, Southwestern Water District currently has authority to provide water service, as a public service district, in parts of Barbour, Harrison and Taylor Counties; and

WHEREAS, Southwestern Water District proposes to extend water service to parts of Barbour, Harrison and Taylor Counties beyond the areas in which it is currently authorized to provide service; and

WHEREAS, *it is now deemed desirable by said County Commission to adopt a Resolution and Order proposing the expansion of the territory of Southwestern Water District to include additional areas for the provision of water service.*

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

1. That the County Commission of Barbour County, West Virginia, upon its own motion, proposes the expansion of the service territory of Southwestern Water District for the provision of water service.

2. A description of the proposed revised service territory of Southwestern Water District is as follows:

Beginning at a point at the intersection of the eastern limits of the Southwestern Public Service District and the western shoreline of Tygart Lake, said point being at latitude north 39 degrees 18 minutes 22 seconds and longitude west 80 degrees 02 minutes 02 seconds;

Thence, running with the meanders of the western shoreline of Tygart lake in a southerly direction a distance of 9.8 miles to the northern shoreline of Pleasant Creek, said point being at latitude north 39 degrees 15 minutes 39 seconds and longitude west 80 degrees 00 minutes 19 seconds;

Thence, running in a westerly direction with the meanders of the Pleasant Creek shoreline a distance of 1.1 miles to a point at latitude north 39 degrees 15 minutes 08 seconds and longitude west 80 degrees 01 minutes 03 seconds,

Thence, leaving Pleasants Creek, South 47 degrees 02 minutes 52 seconds West, a distance of 0.4 miles to a point on Pleasant Creek Road, said point being at latitude north 39 degrees 14 minutes 53 seconds and longitude west 80 degrees 01 minutes 24 seconds,

Thence, with the meanders of Pleasant Creek Road in a southwest direction 11.6 miles to a point at latitude north 39 degrees 14 minutes 46 seconds and longitude west 80 degrees 02 minutes 50 seconds,

Thence, South 01 degrees 47 minutes 47 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 14 seconds and longitude west 80 degrees 02 minutes 51 seconds,

Thence, South 77 degrees 22 minutes 34 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 07 seconds and longitude west 80 degrees 03 minutes 28 seconds,

Thence, South 39 degrees 01 minutes 06 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 44 seconds and latitude west 80 degrees 03 minutes 52 seconds,

Thence, North 31 degrees 37 minutes 02 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 54 seconds and longitude west 80 degrees 04 minutes 30 seconds,

Thence, South 51 degrees 16 minutes 06 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 42 seconds and longitude west 80 degrees 04 minutes 49 seconds,

Thence, South 08 degrees 02 minutes 33 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 04 minutes 52 seconds,

Thence, South 75 degrees 27 minutes 28 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 19 seconds and longitude west 80 degrees 05 minutes 16 seconds,

Thence, North 25 degrees 15 minutes 26 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 35 seconds and longitude west 80 degrees 05 minutes 26 seconds,

Thence, South 77 degrees 44 minutes 04 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 30 seconds and longitude west 80 degrees 05 minutes 55 seconds,

Thence, North 44 degrees 14 minutes 45 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 45 seconds and longitude west 80 degrees 06 minutes 13 seconds,

Thence, North 70 degrees 28 minutes 13 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 51 seconds and longitude west 80 degrees 06 minutes 36 seconds,

Thence, South 38 degrees 05 minutes 19 seconds West a distance of 0.4 miles to a point at a corner of Southwestern Public Service District territory at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 06 minutes 53 seconds,

Thence, continuing with the existing line of Southwestern territory, South 71 degrees 20 minutes West, a distance of 2.0 miles;

Thence, South, a distance of 1.3 miles;

Thence, West, a distance of 0.9 miles;

Thence, North, a distance of 3.0 miles to latitude north 39 degrees 14 minutes 31 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 32 degrees 43 minutes West, a distance of 1.7 miles to a point in the County line between Harrison County and Taylor at its intersection with West Virginia Route 13/2, said point at latitude north 39 degrees 15 minutes 43 seconds and longitude West 80 degrees 11 minutes 03 seconds;

Thence, North 61 degrees 10 minutes West, a distance of 1.1 miles;

Thence, North, a distance of 0.8 miles;

Thence, East, a distance of 0.5 miles;

Thence, North, a distance of 1.8 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 13 minutes 16 seconds;

Thence, East, a distance of 2.9 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 75 degrees 00 minutes East, a distance of 2.09 miles to the intersection of the existing line of Southwestern territory and the southerly right of way line of United States Route 50;

Thence, leaving said existing line of Southwestern territory and running with a new line along the southerly right of way of United States Route 50, a distance of 2.57 miles;

Thence, North 15 degrees 00 minutes West, a distance of 1.01 miles;

Thence, North 33 degrees 47 minutes West, a distance of 1.75 miles;

Thence, North 11 degrees 30 minutes West, a distance of 2.38 miles to a point on the Taylor County and Marion County Line, said point also being in the Tygart Valley River;

Thence, running with the meanders of said river and with a common line of the Taylor and Marion County line, a distance of 3.2 miles to a point common to the Haymond Public Service District Territory;

Thence, leaving said common line of Marion and Taylor Counties, and running with Haymond P.S.D. territory and Tygart Valley River, a distance of 3.26 miles;

Thence, leaving said common line of Haymond P.S.D. territory and with the meanders of Tygart Valley River, a distance of 3.56 miles;

Thence, leaving said Tygart Valley River, South 15 degrees 50 minutes West, a distance of 1.22 miles to a point on the existing line of Southwestern P.S.D.

Thence, with a common line of Southwestern P.S.D., South 74 degrees 10 minutes East, a distance of 0.61 miles to a point;

Thence, continuing with said common line of Southwestern P.S.D., South, a distance of 0.87 miles to the **Place of Beginning**.

Containing a total of 73.99 square miles.

3. That the County Commission of Barbour County, West Virginia, shall hold a hearing on the proposed expansion of the boundaries of Southwestern Water District on the 7th day of November, 2009 in the Barbour County Courthouse in Philippi at 5:00 p.m.

4. That the Clerk of the County Commission shall cause notice of hearing and a description of the additional territory proposed to be included in the territory of Southwestern Water District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

5. That the County Commission of Barbour County shall cause notice of the hearing and the proposed expansion of the territory of Southwestern Water District, to be posted in at least five (5) conspicuous places within the territory of Southwestern Water District.

6. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the County Commissions of Taylor and Harrison Counties not less than ten (10) days prior to the hearing set forth herein.

7. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days prior to the hearing set forth herein.

ENTERED into the permanent record of Barbour County, West Virginia, this 5th day of October, 2009.

Phil Hart
PRESIDENT

Steven W. Sims
COMMISSIONER

Timothy J. McDaniel
COMMISSIONER

Attest:

Maecel L. Cuvil
CLERK

BEFORE THE COUNTY COMMISSION OF TAYLOR COUNTY

**A RESOLUTION AND ORDER EXPANDING THE TERRITORY OF
SOUTHWESTERN WATER DISTRICT**

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore, by Resolution and Order adopted on August 5, 2009, propose the expansion of the territory of Southwestern Water District for the provision of water service; and,

WHEREAS, by said August 5, 2009 Resolution and Order, the County Commission did set a hearing on the proposed expansion of Southwestern Water District's territory for the 8th day of September, 2009, required notice of said hearing be given by Class I legal publication and by posting of notice in at least five (5) conspicuous places within the territory of Southwestern Water District, and required the Clerk of the County Commission to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission as well as the Clerks of the County Commissions of Barbour and Harrison Counties; and,

WHEREAS, notice of the September 8, 2009 hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code §16-13A-2 and all interested parties have been offered an opportunity of being heard for and against the expansion of the territory of Southwestern Water 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 territory of Southwestern Water District for the provision of water service.

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

1. That the County Commission of Taylor County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, and **subject further to the agreement of County Commissions of Barbour and Harrison Counties, West Virginia**, expands the territory of Southwestern Water District to include the area of more particularly defined as follows:

Beginning at a point at the intersection of the eastern limits of the Southwestern Public Service District and the western shoreline of Tygart Lake, said point being at latitude north 39 degrees 18 minutes 22 seconds and longitude west 80 degrees 02 minutes 02 seconds;

Thence, running with the meanders of the western shoreline of Tygart lake in a southerly direction a distance of 9.8 miles to the northern shoreline of Pleasant Creek, said point being at latitude north 39 degrees 15 minutes 39 seconds and longitude west 80 degrees 00 minutes 19 seconds;

Thence, running in a westerly direction with the meanders of the Pleasant Creek shoreline a distance of 1.1 miles to a point at latitude north 39 degrees 15 minutes 08 seconds and longitude west 80 degrees 01 minutes 03 seconds,

Thence, leaving Pleasants Creek, South 47 degrees 02 minutes 52 seconds West, a distance of 0.4 miles to a point on Pleasant Creek Road, said point being at latitude north 39 degrees 14 minutes 53 seconds and longitude west 80 degrees 01 minutes 24 seconds,

Thence, with the meanders of Pleasant Creek Road in a southwest direction 11.6 miles to a point at latitude north 39 degrees 14 minutes 46 seconds and longitude west 80 degrees 02 minutes 50 seconds,

Thence, South 01 degrees 47 minutes 47 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 14 seconds and longitude west 80 degrees 02 minutes 51 seconds,

Thence, South 77 degrees 22 minutes 34 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 07 seconds and longitude west 80 degrees 03 minutes 28 seconds,

Thence, South 39 degrees 01 minutes 06 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 44 seconds and longitude west 80 degrees 03 minutes 52 seconds,

Thence, North 31 degrees 37 minutes 02 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 54 seconds and longitude west 80 degrees 04 minutes 30 seconds,

Thence, South 51 degrees 16 minutes 06 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 42 seconds and longitude west 80 degrees 04 minutes 49 seconds,

Thence, South 08 degrees 02 minutes 33 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 04 minutes 52 seconds,

Thence, South 75 degrees 27 minutes 28 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 19 seconds and longitude west 80 degrees 05 minutes 16 seconds,

Thence, North 25 degrees 15 minutes 26 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 35 seconds and longitude west 80 degrees 05 minutes 26 seconds,

Thence, South 77 degrees 44 minutes 04 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 30 seconds and longitude west 80 degrees 05 minutes 55 seconds,

Thence, North 44 degrees 14 minutes 45 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 45 seconds and longitude west 80 degrees 06 minutes 13 seconds,

Thence, North 70 degrees 28 minutes 13 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 51 seconds and longitude west 80 degrees 06 minutes 36 seconds,

Thence, South 38 degrees 05 minutes 19 seconds West a distance of 0.4 miles to a point at a corner of Southwestern Public Service District territory at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 06 minutes 53 seconds,

Thence, continuing with the existing line of Southwestern territory, South 71 degrees 20 minutes West, a distance of 2.0 miles;

Thence, South, a distance of 1.3 miles;

Thence, West, a distance of 0.9 miles;

Thence, North, a distance of 3.0 miles to latitude north 39 degrees 14 minutes 31 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 32 degrees 43 minutes West, a distance of 1.7 miles to a point in the County line between Harrison County and Taylor at its intersection with West Virginia Route 13/2, said point at latitude north 39 degrees 15 minutes 43 seconds and longitude West 80 degrees 11 minutes 03 seconds;

Thence, North 61 degrees 10 minutes West, a distance of 1.1 miles;

Thence, North, a distance of 0.8 miles;

Thence, East, a distance of 0.5 miles;

Thence, North, a distance of 1.8 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 13 minutes 16 seconds;

Thence, East, a distance of 2.9 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 75 degrees 00 minutes East, a distance of 2.09 miles to the intersection of the existing line of Southwestern territory and the southerly right of way line of United States Route 50;

Thence, leaving said existing line of Southwestern territory and running with a new line along the southerly right of way of United States Route 50, a distance of 2.57 miles;

Thence, North 15 degrees 00 minutes West, a distance of 1.01 miles;

Thence, North 33 degrees 47 minutes West, a distance of 1.75 miles;

Thence, North 11 degrees 30 minutes West, a distance of 2.38 miles to a point on the Taylor County and Marion County Line, said point also being in the Tygart Valley River;

Thence, running with the meanders of said river and with a common line of the Taylor and Marion County line, a distance of 3.2 miles to a point common to the Haymond Public Service District Territory;

Thence, leaving said common line of Marion and Taylor Counties, and running with Haymond P.S.D. territory and Tygart Valley River, a distance of 3.26 miles;

Thence, leaving said common line of Haymond P.S.D. territory and with the meanders of Tygart Valley River, a distance of 3.56 miles;

Thence, leaving said Tygart Valley River, South 15 degrees 50 minutes West, a distance of 1.22 miles to a point on the existing line of Southwestern P.S.D.

Thence, with a common line of Southwestern P.S.D., South 74 degrees 10 minutes East, a distance of 0.61 miles to a point;

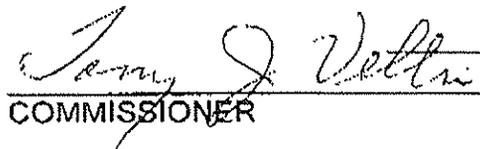
Thence, continuing with said common line of Southwestern P.S.D., South, a distance of 0.87 miles to the **Place of Beginning**.

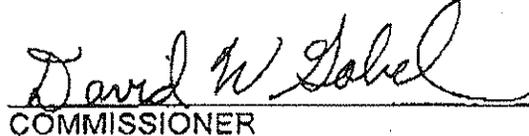
Containing a total of 73.99 square miles.

2. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission, and with the Clerks of the County Commissions of Barbour and Harrison Counties not later than ten(10) days following the adoption hereof.

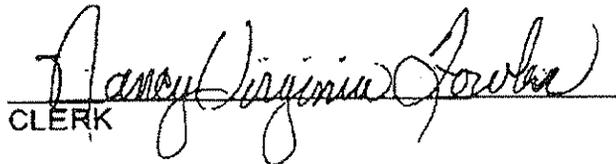
ENTERED into the permanent record of Taylor County, West Virginia, this 8th. day of September, 2009.


PRESIDENT


COMMISSIONER


COMMISSIONER

ATTEST:


CLERK

LEGAL

BEFORE THE COUNTY COMMISSION OF TAYLOR COUNTY

A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF THE TERRITORY OF SOUTHWESTERN WATER DISTRICT

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, Southwestern Water District currently has authority to provide water service, as a public service district, in parts of Barbour, Harrison, and Taylor Counties; and

WHEREAS, Southwestern Water District proposes to extend water service to parts of Barbour, Harrison, and Taylor Counties beyond the areas in which it is currently authorized to provide service; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a Resolution and Order proposing the expansion of the territory of Southwestern Water District to include additional areas for the provision of water service.

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

1. That the County Commission of Taylor County, West Virginia, upon its own motion, proposes the expansion of the service territory of Southwestern Water District for the provision of water service.

2. A description of the proposed revised service territory of Southwestern Water District is as follows:

Beginning at a point at the intersection of the eastern limits of the Southwestern Public Service District and the western shoreline of Tygart Lake, said point being at latitude north 39 degrees 22 minutes 22 seconds and longitude west 80 degrees 02 minutes 02 seconds;

Thence, running with the meanders of the western shoreline of Tygart Lake in a southerly direction a distance of 9.8 miles to the northern shoreline of Pleasant Creek, said point being at latitude north 39 degrees 15 minutes 39 seconds and longitude west 80 degrees 00 minutes 19 seconds;

Thence, running in a southerly direction with the meanders of the Pleasant Creek shoals a distance of 1.1 miles to a point at latitude north 39 degrees 15 minutes 05 seconds and longitude west 80 degrees 01 minutes 09 seconds;

Thence, leaving Pleasant Creek South 47 degrees 02 minutes 02 seconds West, a distance of 0.4 miles to a point on Pleasant Creek Shoals, said point being at latitude north 39 degrees 14 minutes 53 seconds and longitude west 80 degrees 01 minutes 22 seconds;

Thence, with the meanders of Pleasant Creek Shoals in a southwest direction 11.6 miles to a point at latitude north 39 degrees 14 minutes 48 seconds and longitude west 80 degrees 02 minutes 29 seconds;

Thence, South 01 degree 47 minutes 41 seconds West, a distance of 0.8 miles to a point at latitude north 39 degrees 14 minutes 14 seconds and longitude west 80 degrees 02 minutes 31 seconds;

Thence, South 27 degrees 22 minutes 34 seconds West, a distance of 0.8 miles to a point at latitude north 39 degrees 13 minutes 57 seconds and longitude west 80 degrees 03 minutes 24 seconds;

Thence, South 28 degrees 01 minutes 04 seconds West, a distance of 0.8 miles to a point at latitude north 39 degrees 13 minutes 42 seconds and longitude west 80 degrees 03 minutes 22 seconds;

Thence, North 51 degrees 17 minutes 02 seconds West, a distance of 0.8 miles to a point at latitude north 39 degrees 13 minutes 54 seconds and longitude west 80 degrees 03 minutes 59 seconds;

Thence, South 04 degrees 12 minutes 05 seconds West, a distance of 0.8 miles to a point at latitude north 39 degrees 13 minutes 04 seconds and longitude west 80 degrees 04 minutes 52 seconds;

Thence, South 25 degrees 27 minutes 28 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 19 seconds and longitude west 80 degrees 05 minutes 15 seconds;

Thence, North 26 degrees 18 minutes 20 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 35 seconds and longitude west 80 degrees 05 minutes 28 seconds;

Thence, South 77 degrees 44 minutes 04 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 30 seconds and longitude west 80 degrees 06 minutes 55 seconds;

Thence, North 44 degrees 14 minutes 45 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 45 seconds and longitude west 80 degrees 06 minutes 13 seconds;

Thence, North 70 degrees 28 minutes 15 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 51 seconds and longitude west 80 degrees 06 minutes 36 seconds;

Thence, South 36 degrees 05 minutes 19 seconds West, a distance of 0.4 miles to a point at a corner of Southwestern Public Service District territory at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 06 minutes 53 seconds;

Thence, continuing with the existing line of Southwestern territory, South 71 degrees 20 minutes West, a distance of 2.0 miles;

Thence, South, a distance of 1.3 miles;

Thence, West, a distance of 0.8 miles;

Thence, North, a distance of 3.0 miles to latitude north 39 degrees 14 minutes 31 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 32 degrees 43 minutes West, a distance of 1.7 miles to a point in the County line between Harrison County and Taylor at the intersection with West Virginia Route 137A, said point at latitude north 39 degrees 15 minutes 43 seconds and longitude west 80 degrees 11 minutes 03 seconds;

Thence, North 01 degree 10 minutes West, a distance of 1.1 miles;

Thence, North, a distance of 0.8 miles;

Thence, East, a distance of 0.5 miles;

Thence, North, a distance of 1.8 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 13 minutes 16 seconds;

Thence, East, a distance of 2.8 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 70 degrees 03 minutes East, a distance of 2.09 miles to the intersection of the existing line of Southwestern territory and the southerly right of Way line of United States Route 50;

Thence, leaving said existing line of Southwestern territory and running with a new line along the southerly right of Way of United States Route 50, a distance of 2.57 miles;

Thence, North 10 degrees 00 minutes West, a distance of 1.01 miles;

Thence, North 23 degrees 47 minutes West, a distance of 1.75 miles;

Thence, North 11 degrees 30 minutes West, a distance of 2.38 miles to a point on the Taylor County and Marion County Line, said point also being in the Tygart Valley River;

Thence, running with the meanders of said river and with a common line of the Taylor and Marion County line, a distance of 0.2 miles to a point common to the Raymond Public Service District territory;

Thence, leaving said common line of Marion and Taylor Counties, and running with Raymond P.S.D. territory and Tygart Valley River, a distance of 3.26 miles;

Thence, leaving said common line of Raymond P.S.D. territory, and with the meanders of Tygart Valley River, a distance of 4.58 miles;

Thence, leaving said Tygart Valley River, South 15 degrees 50 minutes West, a distance of 1.22 miles to a point on the existing line of Southwestern P.S.D.

Thence, with a common line of Southwestern P.S.D., South 74 degrees 10 minutes East, a distance of 0.61 miles to a point;

Thence, continuing with said common line of Southwestern P.S.D., South, a distance of 0.87 miles to the Place of Beginning.

Containing a total of 73.99 square miles.

3. That the County Commission of Taylor County, West Virginia, shall hold a hearing on the proposed expansion of the boundaries of Southwestern Water District on the 8th day of September, 2008 in the Taylor County Courthouse, in Grafton at 10:00 a.m.

4. That the Clerk of the County Commission shall cause notice of hearing and a description of the additional territory proposed to be included in the territory of Southwestern Water District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

5. That the County Commission of Taylor County shall cause notice of the hearing and the proposed expansion of the territory of Southwestern Water District to be posted in at least five (5) conspicuous places within the territory of Southwestern Water District.

6. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the County Commissions of Barbour and Harrison Counties not less than ten (10) days prior to the hearing set forth herein.

7. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days prior to the hearing set forth herein.

COUNTY COMMISSION OF TAYLOR COUNTY

LEGAL 1273
8/24/08

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY

**A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF
THE TERRITORY OF SOUTHWESTERN WATER DISTRICT**

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, Southwestern Water District currently has authority to provide water service, as a public service district, in parts of Barbour, Harrison and Taylor Counties; and

WHEREAS, Southwestern Water District proposes to extend water service to parts of Barbour, Harrison and Taylor Counties beyond the areas in which it is currently authorized to provide service; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a Resolution and Order proposing the expansion of the territory of Southwestern Water District to include additional areas for the provision of water service.

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

1. That the County Commission of Harrison County, West Virginia, upon its own motion, proposes the expansion of the service territory of Southwestern Water District for the provision of water service.

2. A description of the proposed revised service territory of Southwestern Water District is as follows:

Beginning at a point at the intersection of the eastern limits of the Southwestern Public Service District and the western shoreline of Tygart Lake, said point being at latitude north 39 degrees 18 minutes 22 seconds and longitude west 80 degrees 02 minutes 02 seconds;

Thence, running with the meanders of the western shoreline of Tygart lake in a southerly direction a distance of 9.8 miles to the northern shoreline of Pleasant Creek, said point being at latitude north 39 degrees 15 minutes 39 seconds and longitude west 80 degrees 00 minutes 19 seconds;

Thence, running in a westerly direction with the meanders of the Pleasant Creek shoreline a distance of 1.1 miles to a point at latitude north 39 degrees 15 minutes 08 seconds and longitude west 80 degrees 01 minutes 03 seconds,

Thence, leaving Pleasants Creek, South 47 degrees 02 minutes 52 seconds West, a distance of 0.4 miles to a point on Pleasant Creek Road, said point being at latitude north 39 degrees 14 minutes 53 seconds and longitude west 80 degrees 01 minutes 24 seconds,

Thence, with the meanders of Pleasant Creek Road in a southwest direction 11.6 miles to a point at latitude north 39 degrees 14 minutes 46 seconds and longitude west 80 degrees 02 minutes 50 seconds,

Thence, South 01 degrees 47 minutes 47 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 14 seconds and longitude west 80 degrees 02 minutes 51 seconds,

Thence, South 77 degrees 22 minutes 34 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 07 seconds and longitude west 80 degrees 03 minutes 28 seconds,

Thence, South 39 degrees 01 minutes 06 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 44 seconds and latitude west 80 degrees 03 minutes 52 seconds,

Thence, North 31 degrees 37 minutes 02 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 54 seconds and longitude west 80 degrees 04 minutes 30 seconds,

Thence, South 51 degrees 16 minutes 06 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 42 seconds and longitude west 80 degrees 04 minutes 49 seconds,

Thence, South 08 degrees 02 minutes 33 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 04 minutes 52 seconds,

Thence, South 75 degrees 27 minutes 28 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 19 seconds and longitude west 80 degrees 05 minutes 16 seconds,

Thence, North 25 degrees 15 minutes 26 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 35 seconds and longitude west 80 degrees 05 minutes 26 seconds,

Thence, South 77 degrees 44 minutes 04 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 30 seconds and longitude west 80 degrees 05 minutes 55 seconds,

Thence, North 44 degrees 14 minutes 45 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 45 seconds and longitude west 80 degrees 06 minutes 13 seconds,

Thence, North 70 degrees 28 minutes 13 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 51 seconds and longitude west 80 degrees 06 minutes 36 seconds,

Thence, South 38 degrees 05 minutes 19 seconds West a distance of 0.4 miles to a point at a corner of Southwestern Public Service District territory at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 06 minutes 53 seconds,

Thence, continuing with the existing line of Southwestern territory, South 71 degrees 20 minutes West, a distance of 2.0 miles;

Thence, South, a distance of 1.3 miles;

Thence, West, a distance of 0.9 miles;

Thence, North, a distance of 3.0 miles to latitude north 39 degrees 14 minutes 31 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 32 degrees 43 minutes West, a distance of 1.7 miles to a point in the County line between Harrison County and Taylor at its intersection with West Virginia Route 13/2, said point at latitude north 39 degrees 15 minutes 43 seconds and longitude West 80 degrees 11 minutes 03 seconds;

Thence, North 61 degrees 10 minutes West, a distance of 1.1 miles;

Thence, North, a distance of 0.8 miles;

Thence, East, a distance of 0.5 miles;

Thence, North, a distance of 1.8 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 13 minutes 16 seconds;

Thence, East, a distance of 2.9 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 75 degrees 00 minutes East, a distance of 2.09 miles to the intersection of the existing line of Southwestern territory and the southerly right of way line of United States Route 50;

Thence, leaving said existing line of Southwestern territory and running with a new line along the southerly right of way of United States Route 50, a distance of 2.57 miles;

Thence, North 15 degrees 00 minutes West, a distance of 1.01 miles;

Thence, North 33 degrees 47 minutes West, a distance of 1.75 miles;

Thence, North 11 degrees 30 minutes West, a distance of 2.38 miles to a point on the Taylor County and Marion County Line, said point also being in the Tygart Valley River;

Thence, running with the meanders of said river and with a common line of the Taylor and Marion County line, a distance of 3.2 miles to a point common to the Haymond Public Service District Territory;

Thence, leaving said common line of Marion and Taylor Counties, and running with Haymond P.S.D. territory and Tygart Valley River, a distance of 3.26 miles;

Thence, leaving said common line of Haymond P.S.D. territory and with the meanders of Tygart Valley River, a distance of 3.56 miles;

Thence, leaving said Tygart Valley River, South 15 degrees 50 minutes West, a distance of 1.22 miles to a point on the existing line of Southwestern P.S.D.

Thence, with a common line of Southwestern P.S.D., South 74 degrees 10 minutes East, a distance of 0.61 miles to a point;

Thence, continuing with said common line of Southwestern P.S.D., South, a distance of 0.87 miles to the **Place of Beginning**.

Containing a total of 73.99 square miles.

3. That the County Commission of Harrison County, West Virginia, shall hold a hearing on the proposed expansion of the boundaries of Southwestern Water District on the 15th day of October, 2009 in the Harrison County Courthouse in Clarksburg at 9:15 A.m.

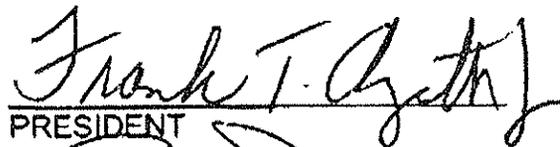
4. That the Clerk of the County Commission shall cause notice of hearing and a description of the additional territory proposed to be included in the territory of Southwestern Water District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

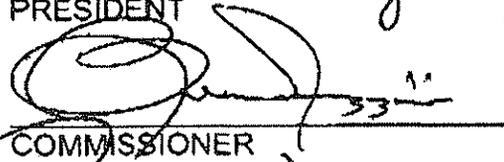
5. That the County Commission of Harrison County shall cause notice of the hearing and the proposed expansion of the territory of Southwestern Water District, to be posted in at least five (5) conspicuous places within the territory of Southwestern Water District.

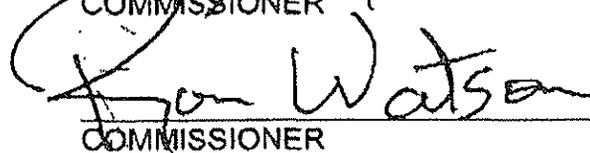
6. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the County Commissions of Barbour and Taylor Counties not less than ten (10) days prior to the hearing set forth herein.

7. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days prior to the hearing set forth herein.

ENTERED into the permanent record of Harrison County, West Virginia, this 27th day of August, 2009.


PRESIDENT


COMMISSIONER


COMMISSIONER

Attest:

CLERK

BEFORE THE COUNTY COMMISSION OF TAYLOR COUNTY**A RESOLUTION AND ORDER PROPOSING THE EXPANSION OF
THE TERRITORY OF SOUTHWESTERN WATER DISTRICT**

WHEREAS, West Virginia Code §16-13A-2 provides that a County Commission may expand or reduce the territory of public service districts in order to achieve efficiency of operations; and

WHEREAS, Southwestern Water District currently has authority to provide water service, as a public service district, in parts of Barbour, Harrison and Taylor Counties; and

WHEREAS, Southwestern Water District proposes to extend water service to parts of Barbour, Harrison and Taylor Counties beyond the areas in which it is currently authorized to provide service; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a Resolution and Order proposing the expansion of the territory of Southwestern Water District to include additional areas for the provision of water service.

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

1. That the County Commission of Taylor County, West Virginia, upon its own motion, proposes the expansion of the service territory of Southwestern Water District for the provision of water service.

2. A description of the proposed revised service territory of Southwestern Water District is as follows:

Beginning at a point at the intersection of the eastern limits of the Southwestern Public Service District and the western shoreline of Tygart Lake, said point being at latitude north 39 degrees 18 minutes 22 seconds and longitude west 80 degrees 02 minutes 02 seconds;

Thence, running with the meanders of the western shoreline of Tygart lake in a southerly direction a distance of 9.8 miles to the northern shoreline of Pleasant Creek, said point being at latitude north 39 degrees 15 minutes 39 seconds and longitude west 80 degrees 00 minutes 19 seconds;

Thence, running in a westerly direction with the meanders of the Pleasant Creek shoreline a distance of 1.1 miles to a point at latitude north 39 degrees 15 minutes 08 seconds and longitude west 80 degrees 01 minutes 03 seconds,

Thence, leaving Pleasants Creek, South 47 degrees 02 minutes 52 seconds West, a distance of 0.4 miles to a point on Pleasant Creek Road, said point being at latitude north 39 degrees 14 minutes 53 seconds and longitude west 80 degrees 01 minutes 24 seconds,

Thence, with the meanders of Pleasant Creek Road in a southwest direction 11.6 miles to a point at latitude north 39 degrees 14 minutes 46 seconds and longitude west 80 degrees 02 minutes 50 seconds,

Thence, South 01 degrees 47 minutes 47 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 14 seconds and longitude west 80 degrees 02 minutes 51 seconds,

Thence, South 77 degrees 22 minutes 34 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 14 minutes 07 seconds and longitude west 80 degrees 03 minutes 28 seconds,

Thence, South 39 degrees 01 minutes 06 seconds West a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 44 seconds and latitude west 80 degrees 03 minutes 52 seconds,

Thence, North 31 degrees 37 minutes 02 seconds West, a distance of 0.6 miles to a point at latitude north 39 degrees 13 minutes 54 seconds and longitude west 80 degrees 04 minutes 30 seconds,

Thence, South 51 degrees 16 minutes 06 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 42 seconds and longitude west 80 degrees 04 minutes 49 seconds,

Thence, South 08 degrees 02 minutes 33 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 04 minutes 52 seconds,

Thence, South 75 degrees 27 minutes 28 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 19 seconds and longitude west 80 degrees 05 minutes 16 seconds,

Thence, North 25 degrees 15 minutes 26 seconds West, a distance of 0.3 miles to a point at latitude north 39 degrees 13 minutes 35 seconds and longitude west 80 degrees 05 minutes 26 seconds,

Thence, South 77 degrees 44 minutes 04 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 30 seconds and longitude west 80 degrees 05 minutes 55 seconds,

Thence, North 44 degrees 14 minutes 45 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 45 seconds and longitude west 80 degrees 06 minutes 13 seconds,

Thence, North 70 degrees 28 minutes 13 seconds West, a distance of 0.4 miles to a point at latitude north 39 degrees 13 minutes 51 seconds and longitude west 80 degrees 06 minutes 36 seconds,

Thence, South 38 degrees 05 minutes 19 seconds West a distance of 0.4 miles to a point at a corner of Southwestern Public Service District territory at latitude north 39 degrees 13 minutes 34 seconds and longitude west 80 degrees 06 minutes 53 seconds,

Thence, continuing with the existing line of Southwestern territory, South 71 degrees 20 minutes West, a distance of 2.0 miles;

Thence, South, a distance of 1.3 miles;

Thence, West, a distance of 0.9 miles;

Thence, North, a distance of 3.0 miles to latitude north 39 degrees 14 minutes 31 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 32 degrees 43 minutes West, a distance of 1.7

miles to a point in the County line between Harrison County and Taylor at its intersection with West Virginia Route 13/2, said point at latitude north 39 degrees 15 minutes 43 seconds and longitude West 80 degrees 11 minutes 03 seconds;

Thence, North 61 degrees 10 minutes West, a distance of 1.1 miles;

Thence, North, a distance of 0.8 miles;

Thence, East, a distance of 0.5 miles;

Thence, North, a distance of 1.8 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 13 minutes 16 seconds;

Thence, East, a distance of 2.9 miles to latitude north 39 degrees 18 minutes 25 seconds and longitude west 80 degrees 10 minutes 00 seconds;

Thence, North 75 degrees 00 minutes East, a distance of 2.09 miles to the intersection of the existing line of Southwestern territory and the southerly right of way line of United States Route 50;

Thence, leaving said existing line of Southwestern territory and running with a new line along the southerly right of way of United States Route 50, a distance of 2.57 miles;

Thence, North 15 degrees 00 minutes West, a distance of 1.01 miles;

Thence, North 33 degrees 47 minutes West, a distance of 1.75 miles;

Thence, North 11 degrees 30 minutes West, a distance of 2.38 miles to a point on the Taylor County and Marion County Line, said point also being in the Tygart Valley River;

Thence, running with the meanders of said river and with a common line of the Taylor and Marion County line, a distance of 3.2 miles to a point common to the Haymond Public Service District Territory;

Thence, leaving said common line of Marion and Taylor Counties, and running with Haymond P.S.D. territory and Tygart Valley River, a distance of 3.26 miles;

Thence, leaving said common line of Haymond P.S.D. territory and with the meanders of Tygart Valley River, a distance of 3.56 miles;

Thence, leaving said Tygart Valley River, South 15 degrees 50 minutes West, a distance of 1.22 miles to a point on the existing line of Southwestern P.S.D.

Thence, with a common line of Southwestern P.S.D., South 74 degrees 10 minutes East, a distance of 0.61 miles to a point;

Thence, continuing with said common line of Southwestern P.S.D., South, a distance of 0.87 miles to the **Place of Beginning**.

Containing a total of 73.99 square miles.

3. That the County Commission of Taylor County, West Virginia, shall hold a hearing on the proposed expansion of the boundaries of Southwestern Water District on the 8th. day of September, 2009 in the Taylor County Courthouse in Grafton at 6:00 p.m.

4. That the Clerk of the County Commission shall cause notice of hearing and a description of the additional territory proposed to be included in the territory of Southwestern Water District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

5. That the County Commission of Taylor County shall cause notice of the hearing and the proposed expansion of the territory of Southwestern Water District, to be posted in at least five (5) conspicuous places within the territory of Southwestern Water District.

6. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the County Commissions of Barbour and Harrison Counties not less than ten (10) days prior to the hearing set forth herein.

7. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days prior to the hearing set forth herein.

ENTERED into the permanent record of Taylor County, West Virginia, this 5th day of August, 2009.

David E. ...
PRESIDENT

D. M. Gabel
COMMISSIONER

Tony J. Veltre
COMMISSIONER

Attest
Nancy Virginia Fowler
CLERK

7/27/97

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. PSC Case No.: 97-0234-PSD-PC

TAYLOR COUNTY COMISSION
Petition for consent and approval to
reduce the boundaries of the Southwestern
Water District.

AFFIDAVIT OF JAMES A. KINSEY

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

James A. Kinsey, after being duly sworn upon oath, deposes and says as follows:

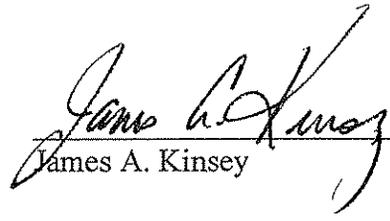
(1) That I am a competent adult, over the age of 18.

(2) That I currently serve as a Commissioner on the County Commission of
Taylor County

(3) That, prior to the public hearing on the resolution and order of The County
Commission of Taylor County proposing the reduction of the boundaries within which
Southwestern Water District may acquire, construct or operate properties for supplying sewer
services, I posted notice of the aforementioned resolution in five (5) locations within
Southwestern Water District.

Further the affiant saith naught.

Dated this 27 day of July, 1997.


James A. Kinsey

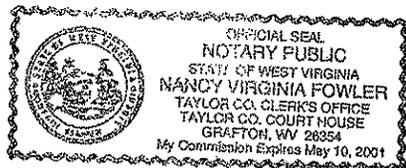
STATE OF WEST VIRGINIA,
COUNTY OF Taylor, TO-WIT:

Taken, subscribed and sworn to before me in my said county this 27th day of
July, 1997.

Nancy Virginia Fowler
NOTARY PUBLIC

My commission expires:

May 10, 2001



07/25/97
384480/95004

THE MOUNTAIN STATESMAN

"Serving Grafton and the Heartland of Northern West Virginia"
 914 West Main Street, Grafton, West Virginia 26354
 Phone: (304) 265-3333
LEGAL ADVERTISING INVOICE

Stephens & Johnson
 Attorneys at Law
 Bank One Center
 Seventh Floor
 P.O. Box 1588
 Charleston, WV 25326-1588

7/16/97

Date

Invoice No. 7486 Amount Remitted \$ _____

Re: Notice of Hearing

Insertion Dates: July 16, 1997

Amount Due \$22.94 plus \$2.00 Aff. Charge

State of West Virginia, County of Taylor, ss:

James Clark

Advertising Manager

Mountain Statesman, a newspaper published at Grafton in said county, do hereby certify that the annexed _____

Legal 7486

was published once a week for One successive weeks in _____

said Mountain Statesman newspaper as aforesaid, commencing on the _____

July 16 days of 19 97

Given under my hand this July 18 days of 19 97

Advertising Manager

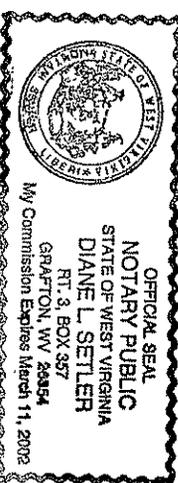
Printers fee \$ _____

WEST VIRGINIA, TAYLOR COUNTY, TO-WIT:

Subscribed and sworn to before me this 18th day of July day of 19 97

Diane J. Setler Notary Public.

My Commission Expires March 11, 2002



LEGALS

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, CHARLESTON

CASE NO. 97-0234-PSD-PC

TAYLOR COUNTY COMMISSION
 Petition for consent and approval to reduce the boundaries of the Southwestern Water District.

NOTICE OF HEARING

On March 4, 1997, the Taylor County Commission filed with the Public Service Commission a petition to reduce the boundaries of the Southwestern Water District to eliminate its sewer service territory in Harrison County. The water service territory of the Southwestern Water District will not be modified by this petition.

A hearing pursuant to W. Va. Code §16-13A-2, for the purpose of receiving public statements of support, protest, or objection to the boundary modification will be held on July 29, 1997, at 1:00 p.m. in the Conference Room, Clarkburg-Harrison Library, 404 W. Pike St., Clarkburg, West Virginia. Anyone wishing to make such statements may do so at that time and place, or may file written statements with Todd Carden, Executive Secretary, West Virginia Public Service Commission, P.O. Box 812, Charleston, WV 25323 any time prior to July 29, 1997.

TAYLOR COUNTY COMMISSION

LEGAL 7486
 7/16

914 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354

- PLEASE PUT INVOICE NO. ON CHECK -

NOTICE: 1 1/2% SERVICE CHARGE IF NOT PAID IN 30 DAYS. MINIMUM \$1.00

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF HARRISON

I, DEBORAH S. VELTRI

Classified Manager of THE CLARKSBURG EXPONENT, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON
CASE NO. 97-0234-PSD-PC
TAYLOR COUNTY COMMISSION
Petition for consent and approval to reduce the boundaries of the Southwestern Water District
NOTICE OF HEARING

On March 4, 1997, the Taylor County Commission filed with the Public Service Commission a petition to reduce the boundaries of the Southwestern Water District to eliminate its sewer service territory in Harrison County. The water service territory of the Southwestern Water District will not be modified by this petition.

A hearing pursuant to W.Va Code 16-13A-2, for the purpose of receiving public statements of support, protest, or objection to the proposed boundary modification will be held on July 29, 1997 at 1:00 p.m. in the Conference Room, Clarksburg - Harrison Library, 404 W. Pike St., Clarksburg, West Virginia. Anyone wishing to make such statements may do so at that time and place, or may file written statements with Todd Carden, Executive Secretary, West Virginia Public Service Commission, P. O. Box 812, Charleston, WV 25323 any time prior to July 29, 1997.
TAYLOR COUNTY COMMISSION

PUBLIC SERVICE COMMISSION

_____ was published in said THE CLARKSBURG EXPONENT one time, on the
16th day of July, 19 97

The publisher's fee for said publication is \$ 12.18

Deborah S. Veltri
Classified Manager of The Clarksburg Exponent

Subscribed and sworn to before me this 16th day of
July, 19 97

Debra Kay Swiger
Notary Public in and for Harrison County, WV.

My commission expires on the 25th day of August, 2003.

Form CA-14 E

SEAL

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Debra Kay Swiger
Route 1, Box 256A
Wallace, WV 26448
My Commission Expires August 25, 2003

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF HARRISON

DEBORAH S. VELTRI

I, _____

Classified Manager of CLARKSBURG TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

CASE NO. 97-0234-PSD-PC TAYLOR COUNTY COMMISSION Petition for consent and approval to reduce the boundaries of the Southwestern Water District NOTICE OF HEARING

On March 4, 1997, the Taylor County Commission filed with the Public Service Commission a petition to reduce the boundaries of the Southwestern Water District to eliminate its sewer service territory in Harrison County. The water service territory of the Southwestern Water District will not be modified by this petition.

A hearing pursuant to W.Va Code, 16-13A-2, for the purpose of receiving public statements of support, protest, or objection to the proposed boundary modification will be held on July 29, 1997 at 1:00 p.m. in the Conference Room, Clarksburg - Harrison Library, 404 W. Pike St., Clarksburg, West Virginia. Anyone wishing to make such statements may do so at that time and place, or may file written statements with Todd Carden, Executive Secretary, West Virginia Public Service Commission, P. O. Box 812, Charleston, WV 25323 any time prior to July 29, 1997.

TAYLOR COUNTY COMMISSION

PUBLIC SERVICE COMMISSION

_____ was published in said CLARKSBURG TELEGRAM one time, on the

16th July 97

_____ day of _____ 19_____ \$14.36

The publisher's fee for said publication is \$_____

Debra S. Veltri
Classified Manager of Clarksburg Telegram

Subscribed and sworn to before me this 16th day of July, 1997

Debra Kay Swiger
Notary Public in and for Harrison County, WV.

My commission expires on the 25th day of August, 2003.

Form CA-14 T

SEAL

OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA Debra Kay Swiger Route 1, Box 238A Wallace, WV 26448 My Commission Expires August 25, 2003

9/15/97

BEFORE THE COUNTY COMMISSION OF BARBOUR COUNTY

A RESOLUTION AND ORDER AFFIRMING THE ACTIONS OF THE COUNTY COMMISSION OF TAYLOR COUNTY RELATED TO THE REDUCTION OF THE AUTHORITY OF SOUTHWESTERN WATER DISTRICT FOR THE ACQUISITION, CONSTRUCTION, OR OPERATION OF PROPERTIES FOR SUPPLYING SEWER SERVICES

WHEREAS, Southwestern Water District was created by The County Commission of Taylor County;

WHEREAS, Southwestern Water District is located within Taylor, Barbour, and Harrison Counties;

WHEREAS, The County Commission of Taylor County has adopted a resolution proposing the dissolution of the sewer authority of Southwestern Water District in Harrison County;

WHEREAS, The County Commission of Taylor County held a public hearing on the aforementioned resolution, and duly published notice of the public hearing in advance thereof;

WHEREAS, The County Commission of Taylor County, immediately following the public hearing, adopted a resolution and order reducing the authority of Southwestern Water District to acquire, construct, or operate properties for supplying sewer services to exclude those areas of the Harrison County that are within the boundaries of the District;

WHEREAS, The County Commission of Taylor County has previously supplied this County Commission with copies of the aforementioned resolutions proposing and ordering the reduction of the sewer service authority of Southwestern Water District;

WHEREAS, The County Commission of Taylor County has requested that this County Commission ratify and affirm the actions of The County Commission of Taylor County as they relate to the adoption of the resolutions proposing and ordering the reduction of the sewer authority of Southwestern Water District; and

WHEREAS, this County Commission finds that the request of The County Commission of Taylor County is reasonable and that the actions of The County Commission of Taylor County with regards to the reduction of the sewer authority of Southwestern Water District are necessary for the preservation of the public health, comfort and convenience of the areas presently served by Southwestern Water District.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND

ORDERED by The County Commission of Barbour County as follows:

1. That the County Commission of Barbour County, at the request of the County Commission of Taylor County and upon its own motion, hereby affirms and ratifies the reduction of the sewer authority of Southwestern Water District by The County Commission of Taylor County as evidenced by the Resolution and Order of The County Commission of Taylor County attached hereto.

2. That upon its adoption, the Clerk of the County Commission of Barbour County shall provide to the Clerk of The County Commission of Harrison County and the Clerk of The County Commission of Barbour County authenticated copies of this Resolution and Order.

3. That the Clerk of The County Commission of Taylor County shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days following the adoption thereof.

Entered into the permanent record of Barbour County, West Virginia, this 15th day of July, 1997

THE COUNTY COMMISSION OF BARBOUR COUNTY

Roger L. Jones
COMMISSIONER

Eddie L. Canterbury
COMMISSIONER

L. Williams
COMMISSIONER

ATTEST

Debra H. Talbot
CLERK

07/08/97

201704.1

Post-it [®] Fax Note	7671	Date	7/28	# of Pages	2
To	John Stump	From	Chuck Foley		
Co./Dept.	Staples & Ship	Co.	Barbour Co. Com		
Phone #		Phone #	487 4339		
Fax #	624 3183	Fax #			

4/18/97

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: April 18, 1997

CASE NO. 97-0234-PSD-PC

TAYLOR COUNTY COMMISSION

Petition for consent and approval to
reduce the boundaries of the Southwestern
Water District.

PROCEDURAL ORDER

On March 3, 1997, the Taylor County Commission (County) filed a petition for Commission consent and approval of a reduction to the sewer service boundaries of the Southwestern Water District (District). The County proposed eliminating any District sewer territory in Harrison County. The County's petition asserts that the Harrison County Commission requested the boundary modification. The City of Bridgeport is currently extending sewer service to many of the District's potential customers in the Harrison County portion of its service territory. Harrison County is also undergoing a merger of various sewer public service districts. The District has never provided sewer service. The County originally scheduled a public hearing on the modification for March 20, 1997.

On March 27, 1997, Staff filed its Initial Joint Staff Memorandum. Staff noted that the District's territory currently includes portions of Taylor, Barbour and Harrison Counties. Staff notes that W.Va. Code §16-13A-2(b) required the Taylor County Commission to inform the Barbour County Commission about the proposed modification of the District's boundaries. Barbour County was also required by the W.Va. Code to provide notice to Barbour County residents of the proposed change so that they may participate in the process. Staff believes that the failure to comply with these portions of the W.Va. Code may be cured if Taylor County now informs Barbour County and the Commission receives an indication from Barbour County that it does not oppose the reduction in the District's boundaries. Staff believes that if Taylor and Harrison Counties published notice that, it is possible, the residents of Barbour County received notice of the proposed changes. Staff also recommended that the Public Service Commission notice be published in all three counties. Staff notes that "substantial compliance" is sufficient under W.Va. Code §16-13A-2. Canyon P.S.D. v. Tasa Coal Co., 156 W.Va. 606, 195 S.E.2d 647 (1973).

On April 1, 1997, the County filed a new resolution reducing the boundaries of the District. The new resolution was passed by the County on March 20, 1997. It called for a public hearing to be held on April 15,

msc

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323



Phone: (304) 340-0300
FAX: (304) 340-0325

April 18, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John C. Stump, Esq.
Steptoe & Johnson
7th Floor, Bank One Center
P. O. Box 1588
Charleston, WV 25326-1586

Re: CASE NO. 97-0234-PSD-PC
TAYLOR COUNTY COMMISSION

Dear Mr. Stump:

We are enclosing herewith a copy of an order issued today which schedules this matter for hearing before Administrative Law Judge Keith A. George on Tuesday, July 29, 1997 at 1:00 p.m., in the Conference Room, Clarksburg-Harrison County Library, 404 W. Pike Street, Clarksburg, West Virginia.

Your attention is directed to the publication requirements contained in this order. To assist you in selecting appropriate newspapers, we are enclosing a list of all newspapers certified by the Secretary of State to accept legal advertisements.

Sincerely,

A handwritten signature in cursive script that reads "Todd Carden".

Todd Carden
Executive Secretary

TC/ft
Encl

4/4/97

THE MOUNTAIN STATESMAN

Serving Grafton and the Heartland of Northern West Virginia

914 West Main Street, Grafton, West Virginia 26354

Phone: (304) 265-3333

LEGAL ADVERTISING INVOICE

April 11, 1997

Date

Steptoe & Johnson
Attorney at Law
Bank One Center
P.O. Box 1588
Charleston, WV 25326

State of West Virginia, County of Taylor, ss:

James Clark

Advertising Manager

Mountain Statesman, a newspaper published at Grafton in said county, do hereby certify that the annexed _____

Legal 6415

was published once a week for One successive weeks in

said Mountain Statesman newspaper as aforesaid, commencing on the _____

April 4 days of 1997

Given under my hand this

April 11

days of 1997

[Signature] Advertising Manager

Invoice No. 6415 Amount Remitted \$ _____

Notice of Public Hearing

Printers fee \$ _____

Publication Dates: April 4, 1997

Amount Due \$63.99 Plus \$2.00 Aff. Charge

Rate Information: 7¢ per word for the first insertion and thereafter. FEIN #363672215

WEST VIRGINIA, TAYLOR COUNTY TO-WIT:

Subscribed and sworn to before me this 11th day of April 1997

[Signature]

Notary Public.

My Commission Expires March 11, 2002



MAKE CHECKS PAYABLE TO

THE MOUNTAIN STATESMAN

14 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354

- PLEASE PUT INVOICE NO. ON CHECK -

NOTICE: 1 1/2% SERVICE CHARGE IF NOT PAID IN 30 DAYS. MINIMUM \$1.00

LEADS

NOTICE OF PUBLIC HEARING ON THE RESOLUTION OF THE COUNTY COMMISSION OF TAYLOR COUNTY PROPOSING TO TAKE THE ADVERSE RIGHTS OF SOUTHWESTERN WATER DISTRICT TO ACQUIRE, CONSTRUCT, OPERATE, MAINTAIN, IMPROVE, AND REPAIR WATER AND SEWER SERVICES

A public hearing was held on the above-entitled Resolution at a regular meeting of the County Commission of Taylor County (the Commission) to be held on April 15, 1987, at 3:30 p.m. in the Taylor County Courthouse, 214 W. Main Street, Room 104, Guthrie, West Virginia, and at such hearing any person interested may appear and be heard and may present evidence and all proposed amendments, and all proposed amendments shall be heard by the Commission and it shall be the duty of the Commission to determine whether such amendments as it shall deem proper in the premises upon a Resolution entitled: RESOLUTION AND ORDINANCE PROVIDING FOR THE ACQUISITION OF THE ADVERSE RIGHTS OF SOUTHWESTERN WATER DISTRICT FOR THE ACQUISITION, CONSTRUCTION, OR OPERATION OF PROPERTIES FOR SUPPLYING SEWER SERVICES AND TAKING A GIVE OR HEARINGS ON THE RESOLUTION AND ORDINANCE FOR AMENDMENTS OF SUCH HEARINGS.

The above-entitled Resolution was adopted by the Commission on March 20, 1987. The above-entitled Resolution is hereby published for the purpose of giving notice to all persons interested therein and the purpose intended thereby. The sewer authority of Southwestern Water District presently includes the entire District, more particularly bounded and described as follows:

- SOUTHWESTERN WATER DISTRICT BEGINNING at a point in the County line between Harrison County and Taylor County at its intersection with WV Route 132, said point being at latitude North 38° 15' 43" and longitude West 81° 10' 10";
- THENCE North 0.8 miles;
- THENCE East 0.5 miles;
- THENCE North 1.8 miles to latitude North 39° 19' 23" and longitude West 80° 13' 17";
- THENCE East 2.8 miles to latitude North 39° 18' 27" and longitude West 80° 10' 07";
- THENCE North 75° 00' East 5.3 miles;
- THENCE South 74° 10' East 2.1 miles;
- THENCE South 87° 00' East 1.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 57";
- THENCE South 1.0 miles to latitude North 39° 15' 34" and longitude West 80° 06' 57";
- THENCE South 7° 28' West 2.0 miles;
- THENCE South 1.4 miles;
- THENCE West 0.5 miles;
- THENCE North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 07";

The Commission proposes the operation of the authority of Southwestern Water District to acquire, construct or operate properties for supplying sewer service in all parts of the District which are located in Harrison County, more particularly bounded and described as follows: SOUTHWESTERN WATER DISTRICT IN HARRISON COUNTY. Southwest Water District is located in Taylor and Harrison Counties. The District is bounded by the County line between Harrison and Taylor County at its intersection with WV Route 132, said point being at latitude North 38° 15' 43" and longitude West 81° 10' 10". THENCE North 0.8 miles;

NW/4 Bats 132, said point being at latitude North 9° 19' 43" and longitude West 80° 11' 03", and naming:
 THENCE North 81° 10' West 1.1 miles;
 THENCE West 1.3 miles;
 THENCE East 0.8 miles;
 THENCE North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 18";
 THENCE East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 01";
 THENCE South 4.9 miles;
 THENCE South 80° 56' West 4.1 miles to latitude North 39° 14' 25" and longitude West 80° 09' 53";
 THENCE South 1.0 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53";
 THENCE South 71° 20' West 2.0 miles;
 THENCE South 3.1 miles;
 THENCE West 0.9 miles;
 THENCE North 5.0 miles to latitude North 39° 14' 31" and longitude West 80° 06' 53";
 THENCE both 30° 47' West 1.7 miles to the beginning, containing an area of 52.81 square miles.
 The Commission proposes the dissolution of the authority of Southwestern Water District to acquire, construct, operate, maintain and improve the water supply facilities of the District which are located in Harrison County, more particularly bounded and described as follows:
PORTION OF SOUTHWESTERN WATER DISTRICT, MISSISSIPPI
 Southwestern Water District is located in Taylor and Harrison Counties. The following described areas that are of Southwestern Water District which is situated in Harrison County:
 BEGINNING at a point in the county line between Harrison and Taylor Counties, said point being at latitude North 39° 19' 29" and longitude West 80° 11' 03", and running:
 THENCE North 81° 10' West 1.1 miles;
 THENCE West 1.3 miles;
 THENCE East 0.8 miles;
 THENCE North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 18";
 THENCE East 0.9 miles to the county line between Harrison and Taylor Counties.
 THENCE following said county line in a southerly direction 2.7 miles to the point of beginning.
 A certified copy of the above-entitled Resolution is on file with the County Commission of Taylor County at the office of the County Clerk, and also on file with the County Commission of Harrison County at the office of the Clerk of the County Commission of Harrison County for review by interested parties during regular office hours.
 Passed at the regular meeting of the Commission, this 14th day of August, 1988.
 I hereby intend to enact a Resolution reducing the authority of Southwestern Water District to acquire, construct, operate, maintain and improve water supply facilities.
 Done at Jackson, Mississippi, this 14th day of August, 1988.
 M. B. BARNES, Mayor, Taylor County
 J. W. HARRISON, Clerk of Taylor County
 LEO ALLEN, Clerk of Harrison County

OFFICE OF THE BARBOUR DEMOCRAT

I, ROBERT A. BYRNE, Editor of the BARBOUR DEMOCRAT, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed:

LEGAL NOTICE

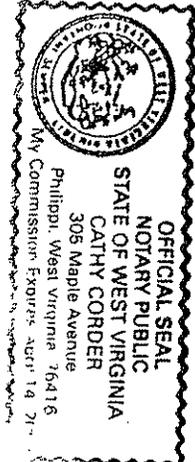
was duly printed in said paper one week, commencing on Wednesday, the 2nd day of April, 1997.

Given under my hand at Philippi, West Virginia, this 2nd day of April, 1997.

Robert A. Byrne
 Editor

Printer's Fee \$49.94

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:
 Sworn to and subscribed before me this 2nd of April, 1997



Cathy Corder
 NOTARY PUBLIC
 My Commission Expires April 14, 2003

NOTICE OF PUBLIC HEARING ON THE RESOLUTION OF THE COUNTY COMMISSION OF TAYLOR COUNTY PROPOSING TO REDUCE WATER DISTRICT OF SOUTHWESTERN OR OPERATE PROPERTIES FOR SUPPLYING SEWER SERVICES

A public hearing will be held on the following entitled Resolution: at a regular meeting of the County Commission of Taylor County, the Commission to be held on April 15, 1997 at 3:30 p.m. in the Taylor County Courthouse, 214 W. Main Street, Room 104, Garbun, West Virginia and at such hearing any person interested may appear before the Commission and present protests, and all protests and suggestions shall be heard by the Commission and it shall then take such actions as it shall deem proper in the premises upon a Resolution entitled:

A RESOLUTION AND ORDER PROPOSING THE REDUCTION OF THE AUTHORITY OF SOUTHWESTERN WATER DISTRICT FOR THE ACQUISITION, CONSTRUCTION OR OPERATION OF PROPERTIES FOR SUPPLYING SEWER SERVICES AND FIXING A DATE OF HEARING ON THE REDUCTION AND PROVIDING FOR A NOTICE OF SUCH HEARING.

The above-entitled Resolution was adopted by the Commission on March 20, 1997.

The above-quoted title of Resolution describes generally the contents thereof and the purpose intended thereby. The sewer authority of Southwestern Water District presently includes the entire District, more particularly bounded and described as follows:

SOUTHWESTERN WATER DISTRICT

BEGINNING at a point in the County line between Harrison County and Taylor County at its intersection with WV Route 132, said point being at latitude North 39 degrees 15'43" and longitude West 80 degrees 11'03" and running:

- THENCE North 01 degrees 10' West 1.1 miles;
- THENCE North 1.5 miles;
- THENCE North 0.8 miles;
- THENCE East 0.5 miles;
- THENCE North 1.8 miles to latitude North 39 degrees 18'25" and longitude West 80 degrees 13'16";
- THENCE East 2.9 miles to latitude North 39 degrees 18'25" and longitude West 80 degrees 10'00";
- THENCE North 74 degrees 00' East 5.3 miles;
- THENCE South 74 degrees 10' East 2.1 miles;
- THENCE South 4.9 miles;
- THENCE South 85 degrees 56' West 4.4 miles to latitude North 39 degrees 14'25" and longitude West 80 degrees 08'53";
- THENCE South 1.0 miles to latitude North 39 degrees 13'34" and longitude West 80 degrees 06'53";
- THENCE South 71 degrees 20' West 2.0 miles;
- THENCE South 3.1 miles;
- THENCE West 0.9 miles;
- THENCE North 3.0 miles to latitude North 39 degrees 14'31" and longitude West 80 degrees 10'00";
- THENCE North 32 degrees 43' West 1.7 miles to the beginning, containing an area of 52.81 square miles.

The Commission proposes the dissolution of the authority of Southwestern Water District to acquire, construct or operate properties for supplying sewer service in all parts of the District which are located in Harrison County, more particularly bounded and described as follows:

PORTION OF SOUTHWESTERN WATER DISTRICT IN HARRISON COUNTY

Southwestern Water District is located in Taylor and Harrison Counties. The following described area is that area of Southwestern Water District which is situated in Harrison County:

BEGINNING at a point in the county line between Harrison and Taylor County at its intersection with WV Route 132, said point being at latitude North 39 degrees 15'43" and longitude West 80 degrees 11'03" and running:

- THENCE North 61 degrees 10' West 1.1 miles;
- THENCE West 1.5 miles;
- THENCE North 0.8 miles;
- THENCE East 0.5 miles;
- THENCE North 1.8 miles to latitude North 39 degrees 18'25" and longitude West 80 degrees 13'16";
- THENCE East 0.9 miles to the county line between Harrison and Taylor County;
- THENCE following said county line in a southerly direction 3.7 miles to the point of beginning.

A certified copy of the above-entitled Resolution is on file with the County Commission of Taylor County at the office of the Clerk of the County Commission of Taylor County and also on file with the County Commission of Barbour County at the office of the Clerk of the County Commission of Barbour County for review by interested parties during regular office hours.

Following said public hearing, the Commission intends to enact a Resolution reducing the authority of Southwestern Water District to acquire, construct or operate properties for supplying sewer services.

Dated: April 2, 1997.

NANCY VIRGINIA FOWLER
 Clerk of County Commission
 of Taylor County

4/2/97

BEFORE THE COUNTY COMMISSION OF TAYLOR COUNTY

A RESOLUTION AND ORDER PROPOSING THE REDUCTION OF THE AUTHORITY OF SOUTHWESTERN WATER DISTRICT FOR THE ACQUISITION, CONSTRUCTION, OR OPERATION OF PROPERTIES FOR SUPPLYING SEWER SERVICES AND FIXING A DATE OF HEARING ON THE REDUCTION AND PROVIDING FOR A NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, the Taylor County Commission is empowered to, upon its own motion by order duly adopted, propose the reduction of the boundaries and/or the authority of public service districts created by the Taylor County Commission;

WHEREAS, Southwestern Water District is located within Taylor and Harrison Counties, and is more particularly bounded and described as follows:

SOUTHWESTERN WATER DISTRICT

BEGINNING at a point in the County line between Harrison County and Taylor County at its intersection with WV Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running;

THENCE North 61° 10' West 1.1 miles;

THENCE West 1.5 miles;

THENCE North 0.8 miles;

THENCE East 0.5 miles;

THENCE North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16";

THENCE East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00";

THENCE North 75° 00' East 5.3 miles;

THENCE South 74° 10' East 2.1 miles;

THENCE South 4.9 miles;

THENCE South 83° 56' West 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53";

THENCE South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53";

THENCE South 71° 20' West 2.0 miles;

THENCE South 3.1 miles;

THENCE West 0.9 miles;

THENCE North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00";

THENCE North 32° 43' West 1.7 miles to the beginning, containing an area of 52.61 square miles.

WHEREAS, the Public Service Commission of West Virginia has recommended, and the County Commission of Harrison County has requested, the dissolution of the authority of Southwestern Water District for the acquisition, construction, or operation of properties for supplying sewer services in the portion of the District which is located in Harrison County; and,

WHEREAS, the Taylor County Commission, after considerable deliberation, has decided that the dissolution of the authority of Southwestern Water District for the acquisition, construction, or operation of properties for supplying sewer services to the portion of the District which is located in Harrison County, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the District (as necessary), is necessary for the preservation of the public health, comfort and convenience for the area presently served by the District.

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

1. That the County Commission of Taylor County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia and bondholders of Southwestern Water District (as necessary), proposes the dissolution of the authority of Southwestern Water District to acquire, construct or operate properties for supplying sewer service in the following area:

PORTION OF SOUTHWESTERN WATER DISTRICT IN HARRISON COUNTY

Southwestern Water District is located in Taylor and Harrison Counties. The following described area is that area of Southwestern Water District which is situated in Harrison County.

BEGINNING at a point in the county line between Harrison and Taylor County at its intersection with WV Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running;

THENCE North 61° 10' West 1.1 miles;

THENCE West 1.5 miles;

THENCE North 0.8 miles;

THENCE East 0.5 miles;

THENCE North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16";

THENCE East 0.9 miles to the county line between Harrison and Taylor County;

THENCE following said county line in a southerly direction 3.7 miles to the point of beginning.

2. That on April 15, 1997, at the hour of 3:30 o'clock a.m./p.m., the Taylor County Commission shall meet in the Taylor County Courthouse at Grafton, West Virginia, for the purpose of conducting a public hearing on the proposed dissolution of the authority of Southwestern Water District for the acquisition, construction, or operation of properties for supplying sewer services in the area described herein above at which time and place all persons residing in or owning or having any interest in property in the territory of Southwestern Water District may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposed reduction of the authority of Southwestern Water District. The Clerk of the Taylor County Commission shall immediately notify the Clerk of the Harrison County Commission of the date, time, location and purpose of the aforementioned hearing.

3. Upon its Adoption, the Clerk of the Taylor County Commission shall file this Resolution with the Clerk of the Harrison County Commission and request that the Resolution be presented to the Harrison County Commission at the first regular meeting after the filing or at a special meeting of the Harrison County Commission called for the consideration of the Resolution, pursuant to West Virginia Code §16-13A-2(b) and §16-13A-2(c).

4. That the Clerk of the Taylor County Commission shall cause notice of the hearing on the proposed reduction of the authority of Southwestern Water District for the acquisition, construction, or operation of properties for supplying sewer services and a description of the territory of Southwestern Water District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing. By this Resolution, the Clerk of the Harrison County Commission is hereby requested to also publish notice of the hearing in conformity with West Virginia Code Section 16-13A-2(c).

5. That the Clerk of the Taylor County Commission shall cause a notice of the hearing and description of the territory of Southwestern Water District to be posted in at least five (5) conspicuous places within the territory of Southwestern Water District.

6. That the Clerk of the Taylor County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days prior to the hearing set forth herein.

By the Order of the Taylor County Commission this day, March 20,
1997.

TAYLOR COUNTY COMMISSION



PRESIDENT

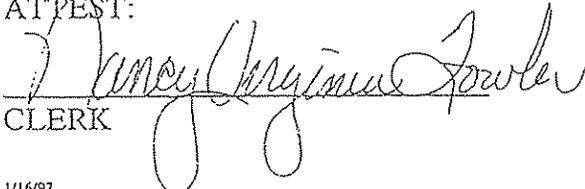


COMMISSIONER



COMMISSIONER

ATTEST:



CLERK

1/16/97
RESOLUTION.02
384480/95004
C:\CJ\JTB\HARRISON\T\10-25-97\EXH.1771.02

NOTICE OF PUBLIC HEARING ON THE RESOLUTION OF THE COUNTY COMMISSION OF TAYLOR COUNTY PROPOSING TO REDUCE THE AUTHORITY OF SOUTHWESTERN WATER DISTRICT TO ACQUIRE, CONSTRUCT, OR OPERATE PROPERTIES FOR SUPPLYING SEWER SERVICES.

A public hearing will be held on the following entitled Resolution at a regular meeting of the County Commission of Taylor County (the "Commission") to be held on March 20, 1997, at 3:30 p.m. in the Taylor County Courthouse, 214 W. Main Street - Room 104, Grafton, West Virginia, and at such hearing any person interested may appear before the Commission and present protests, and all protests and suggestions shall be heard by the Commission and it shall then take such actions as it shall deem proper in the premises upon a Resolution entitled: A RESOLUTION AND ORDER PROPOSING THE REDUCTION OF THE AUTHORITY OF SOUTHWESTERN WATER DISTRICT FOR THE ACQUISITION, CONSTRUCTION, OR OPERATION OF PROPERTIES FOR SUPPLYING SEWER SERVICES AND FIXING A DATE OF HEARING ON THE REDUCTION AND PROVIDING FOR A NOTICE OF SUCH HEARING.

The above - entitled Resolution was adopted by the Commission on February 20, 1997.

The above - quoted title of the Resolution describes generally the contents thereof and the purpose intended thereby. The sewer authority of Southwestern Water District presently includes the entire District, more particularly bounded and described as follows: SOUTHWESTERN WATER DISTRICT

BEGINNING at a point in the County line between Harrison County and Taylor County at its intersection with WV Route 13 / 2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running; THENCE North 61° 10' West 1.1 miles; THENCE West 1.5 miles; THENCE North 0.8 miles; THENCE East 0.5 miles; THENCE North 1.8 miles to latitude North 39° 18' 25" and lon-

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF HARRISON

I, Deborah S. Veltri

Classified Manager of THE CLARKSBURG EXPONENT, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

Notice of Public hearing

was published in said THE CLARKSBURG EXPONENT one time, on the

11 day of March 19 97

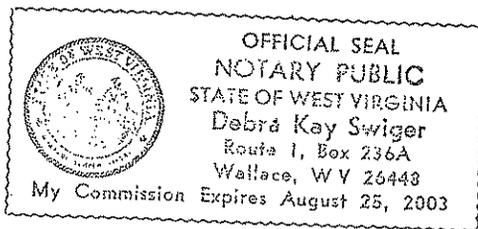
The publisher's fee for said publication is \$ 48.79

Deborah S. Veltri
Classified Manager of The Clarksburg Exponent

Subscribed and sworn to before me this 11 day of March, 19 97

Debra Kay Swiger
Notary Public in and for Harrison County, WV.

My commission expires on the 25th day of August, 2003.
Form CA-14 E



...for food stamps is used to buy food in a household basis. Law requires that a... distributing state or... when one of its... sentenced to prison... proportionately... incarceration is not... family would con... ing higher benefits... to longer is eligible... unfair... that those... truly need govern... nce for their nutri... eive lesser amounts... ho break the law... hatman Bob Smith, a news conference. It... agreed, saying, "I... ink that some fam... gling to provide for... eet another house... better because one... bers went to the

NOTICE OF PUBLIC HEARING ON THE RESOLUTION OF THE COUNTY COMMISSION OF TAYLOR COUNTY PROPOSING TO REDUCE THE AUTHORITY OF SOUTHWESTERN WATER DISTRICT TO ACQUIRE, CONSTRUCT, OR OPERATE PROPERTIES FOR SUPPLYING SEWER SERVICES.

A public hearing will be held on the following entitled Resolution at a regular meeting of the County Commission of Taylor County (the "Commission") to be held on March 20, 1997, at 3:30 p.m. in the Taylor County Courthouse, 214 W. Main Street, Room 104, Grafton, West Virginia, and at such hearing any person interested may appear before the Commission and present protests, and all protests and suggestions shall be heard by the Commission and it shall then take such actions as it shall deem proper in the premises upon a Resolution entitled: **A RESOLUTION AND ORDER PROPOSING THE REDUCTION OF THE AUTHORITY OF SOUTHWESTERN WATER DISTRICT FOR THE ACQUISITION, CONSTRUCTION, OR OPERATION OF PROPERTIES FOR SUPPLYING SEWER SERVICES AND FIXING A DATE OF HEARING ON THE REDUCTION AND PROVIDING FOR A NOTICE OF SUCH HEARING.**

The above entitled Resolution was adopted by the Commission on February 20, 1997.

The above quoted title of the Resolution describes generally the contents thereof and the purpose intended thereby. The sewer authority of Southwestern Water District presently includes the entire District, more particularly bounded and described as follows: **SOUTHWESTERN WATER DISTRICT**

BEGINNING at a point in the County line between Harrison County and Taylor County at its intersection with WV Route 13 / 2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running: THENCE North 61° 10' West 1.1 miles;
 THENCE West 1.5 miles;
 THENCE North 0.8 miles;
 THENCE East 0.5 miles;
 THENCE North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16";
 THENCE East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00";
 THENCE North 75° 00' East 5.3 miles;
 THENCE South 74° 10' East 2.1 miles;
 THENCE South 4.9 miles;
 THENCE South 83° 56' West 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53";
 THENCE South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53";
 THENCE South 71° 20' West 2.0 miles;
 THENCE South 3.1 miles;
 THENCE West 0.9 miles;
 THENCE North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00";
 THENCE North 32° 43' West 1.7 miles to the beginning, containing an area of 52.61 square miles. The Commission proposes the dissolution of the authority of Southwestern Water District to acquire, construct or operate properties for supplying sewer service in all parts of the District which are located in Harrison County, more particularly bounded and described as follows:

PORTION OF SOUTHWESTERN WATER DISTRICT IN HARRISON COUNTY

Southwestern Water District is located in Taylor and Harrison Counties. The following described area is that area of Southwestern Water District which is situated in Harrison County.

BEGINNING at a point in the county line between Harrison and Taylor County at its intersection with WV Route 13 / 2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running:
 THENCE North 61° 10' West 1.1 miles;

THENCE West 1.5 miles;
 THENCE North 0.8 miles;
 THENCE East 0.5 miles;
 THENCE North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16";
 THENCE East 0.9 miles to the county line between Harrison and Taylor County;
 THENCE following said county line in a southerly direction 3.7 miles to the point of beginning.

A certified copy of the above entitled Resolution is on file with the County Commission of Taylor County at the office of the Clerk of the County Commission of Taylor County and also on file with the County Commission of Harrison County at the office of the Clerk of the County Commission of Harrison County for review by interested parties during regular office hours.

Following said public hearing, the Commission intends to enact a Resolution reducing the authority of Southwestern Water District to acquire, construct, or operate properties for supplying sewer services.

Dates: March 6, 1997.
 Nancy Virginia Fowler
 Clerk of County Commission
 of Taylor County

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF HARRISON

I, Deborah S. Veltri

Classified Manager of CLARKSBURG TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

Notice of public hearing

was published in said CLARKSBURG TELEGRAM one time, on the

11 day of March 19 97

The publisher's fee for said publication is \$ 57.50

Deborah S. Veltri

Classified Manager of Clarksburg Telegram

Subscribed and sworn to before me this 11 day of

March, 19 97

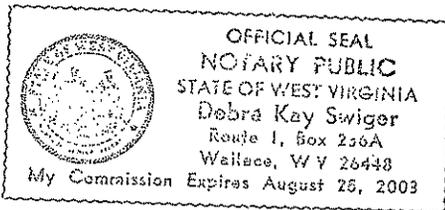
Debra Kay Swiger

Notary Public in and for Harrison County, WV.

My commission expires on the 25th day of August, 2003.

Form CA-14 T

SEAL



VS.

Publisher's Certificate of
Advertisement in
CLARKSBURG TELEGRAM

3-10-69

RESOLUTION AND ORDER OF THE COUNTY
COMMISSION OF TAYLOR COUNTY, WEST VIRGINIA,
UPON ITS OWN MOTION ENLARGING THE SOUTH-
WESTERN WATER DISTRICT BY ADDING SEWAGE
SERVICES TO THE FACILITIES OF SAID DISTRICT;
FIXING A DATE AND TIME FOR HEARING THE
ENLARGEMENT OF THE FACILITIES OF SAID DISTRICT;
AND PROVIDING FOR NOTICE OF SUCH HEARING AND
POSTING OF NOTICES.

WHEREAS, by order entered by the County Court of Taylor County, West Virginia, on March 10, 1969, there was created pursuant to the authority of Article 13 (a) of Chapter 16 of the West Virginia Code a public service district embracing territory containing 52.61 square miles, situate in Taylor County, West Virginia, Barbour County, West Virginia, and Harrison County, West Virginia, known as the Southwestern Water District; and

WHEREAS, the petition for the creation of said District and the order creating same define the purpose and authority of said District as being "to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water services within such territory and also outside such territory to the extent permitted by law"; and,

WHEREAS, this Commission, upon its own motion, has determined that it deems it necessary, feasible and proper to enlarge said District and the facilities of said District to include sewage services and that such services, facilities, equipment or material have not been extended to the area of said District.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE COUNTY COMMISSION OF TAYLOR COUNTY, UPON ITS OWN MOTION, AS FOLLOWS:

1. That it is necessary, feasible and proper that the Southwestern Water District, a public service district, created pursuant to Article 13 (a) of Chapter 16 of the West Virginia Code by order of the County Court of this County entered on March 10,

1969, be enlarged and that the facilities of said District be enlarged to include sewage services and that said District be authorized to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties for supplying both water and sewage in the following described territory and outside such territory to the extent permitted by law:

Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running, thence N. 61° 10' W. 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N. 75° 00' E. 5.3 miles; thence S. 74° 10' E. 2.1 miles; thence South 4.9 miles; thence S. 83° 56' W. 4.4 miles to latitude North 30° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S. 71° 20' W. 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles.

2. That on the 5th day of April, 1976, at the hour of 9:00 .m., this Commission shall meet in the County Courthouse at Grafton, West Virginia, for the purpose of conducting a public hearing upon the question of the enlargement of said District and the facilities of said District, at which time and place all persons residing in or having an interest in property in said District may appear before this County Commission and shall have an opportunity to be heard for or against the proposed enlargement and the feasibility of same.

3. That the Clerk of the County Commission of this County is hereby authorized and directed to cause notice of such hearing in substantially the form set forth below to be published in The Mountain ^{Statesman}, a newspaper of general circulation published in Taylor County, West Virginia, at least ten (10) days prior to such hearing and to notify the County Commissions and the Clerks of the County Commissions of both Harrison and Barbour

Counties, West Virginia, of the date, time and place for said hearing. Notice of said hearing shall be substantially as follows:

"NOTICE OF PUBLIC HEARING ON THE
ENLARGEMENT OF SOUTHWESTERN WATER DISTRICT

Notice is hereby given that the County Commission of Taylor County, West Virginia, upon its own motion has determined to enlarge the Southwestern Water District by expanding the facilities of said District to include sewage services within the territory of said District, which territory is described as follows:

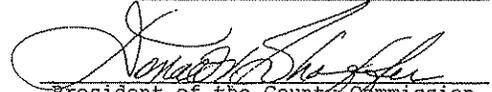
Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running, thence N. 61° 10' W. 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N. 75° 00' E. 5.3 miles; thence S. 74° 10' E. 2.1 miles; thence South 4.9 miles; thence S. 83° 56' W. 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S. 71° 20' W. 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles.

Notice is further given that a hearing upon such determination and the question of whether or not to enlarge the facilities of said District to provide sewage services will be held in the County Court-house of Taylor County, West Virginia, on Main Street in Grafton, West Virginia, at 9:00 _____m. on the 5th. day of April _____, 1976, at which time any person or persons residing in or owning or having an interest in property in said Southwestern Water District or any other interested persons may appear before said County Commission and have an opportunity to be heard for or against the proposed enlargement of the facilities of said Public Service District."

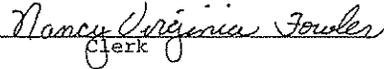
4. That the Clerk of the County Commission of Taylor County is hereby directed to post or cause to be posted the notice hereinabove set forth in at least five (5) conspicuous places within the boundaries of said Southwestern Water District, said

notices to be posted at least ten (10) days prior to said hearing.

Enter: March 4, 1976


President of the County Commission
of Taylor County, West Virginia

ATTEST:


Clerk

3/10/69

RESOLUTION AND ORDER OF THE COUNTY
COMMISSION OF TAYLOR COUNTY, WEST
VIRGINIA, UPON ITS MOTION AND HEARING,
ENLARGING THE SOUTHWESTERN WATER DISTRICT
BY ADDING SEWAGE SERVICES TO THE FACILITIES
OF SAID DISTRICT.

WHEREAS, by order entered by the County Court of Taylor County, West Virginia, on March 10, 1969, there was created pursuant to the authority of Article 13 (a) of Chapter 16 of the West Virginia Code a public service district embracing territory containing 52.61 square miles, situate in Taylor County, West Virginia, Barbour County, West Virginia, and Harrison County, West Virginia, known as the Southwestern Water District; and

WHEREAS, the petition for the creation of said District and the order creating same define the purpose and authority of said District as being "to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water services within such territory and also outside such territory to the extent permitted by law";

WHEREAS, this Commission, upon its own motion, has determined that it deems it necessary, feasible and proper to enlarge said District and the facilities of said District to include sewage services and that such services, facilities, equipment or material have not been extended to the area of said District.

WHEREAS, on the 5th day of April, 1976, not more than forty (40) days nor less than twenty (20) days from this Commission's said motion, at the hour of 9:00 a.m., this Commission met in the County Courthouse at Grafton, West Virginia, for the purpose of conducting a public hearing

upon the question of the enlargement of said District and the facilities of said District, at which time and place all persons residing in or having an interest in property in said District could have appeared before this County Commission and had an opportunity to be heard for or against the proposed enlargement and the feasibility of same and no persons appeared against the proposed enlargement.

WHEREAS, the Clerk of the County Commission of this County was hereby authorized and directed to, and did so cause notice of such hearing in substantially the form set forth below to be published in The Mountain Statesman, a newspaper of general circulation published in Taylor County, West Virginia, at least ten (10) days prior to such hearing and notified the County Commissions and the Clerks of the County Commissions of both Harrison and Barbour Counties, West Virginia, of the date, time and place for said hearing and they also caused said notice of said hearing in substantially the form set forth below to be published in the Clarksburg Exponent and The Barbour Democrat, newspapers of general circulation published in Harrison and Barbour Counties, respectively, at least ten (10) days prior to said hearing. Notice of said hearing was substantially as follows as a Class I legal advertisement:

"NOTICE OF PUBLIC HEARING ON THE
ENLARGEMENT OF SOUTHWESTERN WATER DISTRICT

Notice is hereby given that the County Commission of Taylor County, West Virginia, upon its own motion has determined to enlarge the Southwestern Water District by expanding the facilities of said District to include sewage services within the territory of said District, which territory is described as follows:

Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11'

03", and running, thence N. 61° 10' W. 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N. 75° 00' E. 5.3 miles; thence S. 74° 10' E. 2.1 miles; thence South 4.9 miles; thence S. 83° 56' W. 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S. 71° 20' W. 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles.

Notice is further given that a hearing upon its such determination and the question of whether or not to enlarge the facilities of said District to provide sewage services will be held in the County Courthouse of Taylor County, West Virginia, on Main Street in Grafton, West Virginia, at 9:00 a.m. on the 5th day of April, 1976, at which time any person or persons residing in or owning or having an interest in property in said Southwestern Water District or any other interested persons may appear before said County Commission and have an opportunity to be heard for or against the proposed enlargement of the facilities of said Public Service District."

WHEREAS, the Clerk of the County Commission of Taylor County was hereby directed to post or cause to be posted, and did so cause, the notice hereinabove set forth in at least five (5) conspicuous places within the boundaries of said Southwestern Water District, said notices were posted at least ten (10) days prior to said hearing.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE COUNTY COMMISSION OF TAYLOR COUNTY, ALL COMMISSIONERS CONCURRING, UPON ITS OWN MOTION AND PUBLIC HEARING AS FOLLOWS:

Section 1 - That it is necessary, feasible and proper that the Southwestern Water District, a public service district, created pursuant to Article 13 (a) of Chapter 16 of the West Virginia Code by order of the County Court of this County entered on March 10, 1969, be enlarged and that the facilities of said District be enlarged to include sewage services and that said District be

authorized to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties for supplying both water and sewage in the following described territory and outside such territory to the extent permitted by law:

Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running, thence N. 61° 10' W. 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N. 75° 00' E. 5.3 miles; thence S. 74° 10' E. 2.1 miles; thence South 4.9 miles; thence S. 83° 56' W. 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S. 71° 20' W. 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles.

Section 2 - That said public service district shall continue to be known as and have the corporate title "Southwestern Water District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all rights and powers heretofore granted by this commission or conference together with all rights and powers granted to public service districts generally by the laws of the State of West Virginia and particularly by Article 13-A of Chapter 16 of the Code of West Virginia, 1931, as amended.

Section 3 - That the County Commission of Taylor County has determined that the above described territory is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewer services within such territory or said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

Section 4 - That neither proceeding and order nor any thing herein contained shall be construed in any manner so as to interrupt or interfere with the current service being provided by said public service district.

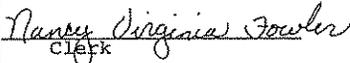
Section 5 - That Dr. William Ridenour, Tony Veltri and Thomas Gates continue to serve as members of the Public Service Board of said Public Service district pursuant to their previous appointments by this Commission for the respective terms thereof.

Adopted by County Commission of Taylor County,
on April 5, 1976.



President of the County Commission
of Taylor County, West Virginia

ATTEST:



Clerk

3/10/69

A RESOLUTION AND ORDER appointing members to the public service board of the Southwestern Water District.

WHEREAS, the County Court of Taylor County, West Virginia, did heretofore by resolution and order adopted March 10, 1969, create the Southwestern Water District; and

WHEREAS, under the provisions of Article 13-A of Chapter 16 of the West Virginia Code the powers of said public service district shall be vested in and exercised by a public service board; and

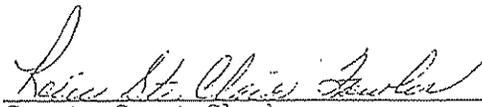
WHEREAS, since there is no city, incorporated town or other municipal corporation with a population in excess of 3,000 included within said district, it is provided by said Article 13-A of Chapter 16 of the West Virginia Code that this County Court shall appoint three members of said board, who shall be persons residing within the district;

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

Section 1. That the County Court of Taylor County, West Virginia, hereby finds and determines that Thomas M. Marshall, Jr., Dr. William A. Ridenour, and Tony J. Veltri are persons residing within the Southwestern Water District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

Thomas M. Marshall, Jr., for a term of six years from the first day of the month in which this resolution and order is adopted;

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Grafton, West Virginia, this March 10, 1969.


County Court Clerk

B/10/69

A RESOLUTION CONSENTING TO BEING INCLUDED
WITHIN THE BOUNDARIES OF THE SOUTHWESTERN
WATER DISTRICT.

WHEREAS, on the 14th day of February, 1969, a petition
was filed with the County Court of Taylor County, West Virginia,
praying for the creation of a public service district to be known
as the Southwestern Water District, under the provisions of
Article 13-A of Chapter 16 of the West Virginia Code, and

WHEREAS, said proposed district includes the incorp-
orated Town of Flemington, West Virginia,

NOW, THEREFORE, BE IT, AND IT IS, HEREBY RESOLVED BY
THE TOWN COUNCIL OF THE TOWN OF FLEMINGTON, WEST VIRGINIA, A
MUNICIPAL CORPORATION, as follows: That the said Town agrees and
consents to being included within the boundaries of the proposed
district, and the Town Council hereby states that the population
of the Town of Flemington is less than 3,000.

ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF FLEMINGTON,
WEST VIRGINIA, THIS 18 DAY OF February, 1969.

Thomas M. Marshall
Mayor

ATTEST:

Lawrence E. Burton
Recorder

Grafton, West Virginia

March 10, 1969

The County Court of Taylor County, West Virginia, re-assembled in special session pursuant to law and to the rules of said Court at the County Court House, Grafton, West Virginia, at 9:00 o'clock A.M. The meeting was called to order and the roll being called there were present Donald V. Shaffer, President, presiding, and the following named Commissioners:

R. H. Bunner

J. Paul Murphy

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 Southwestern Water District, the president announced that all such 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 R. H. Bunner introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Southwestern Water District in Taylor, Harrison and Barbour Counties, West Virginia,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. J. Paul Murphy seconded the motion and

after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Three

Nay: None

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

R. H. Bunner 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 Southwestern Water District."

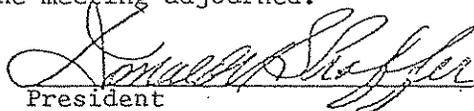
and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. J. Paul Murphy seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following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

Aye: Three

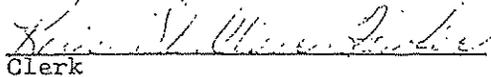
Nay: None

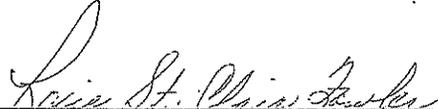
Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

On motion and vote the meeting adjourned.


President

Attest:


Clerk

A Copy Teste: , Clerk.

A RESOLUTION AND ORDER creating
Southwestern Water District in
Taylor, Harrison and Barbour
Counties, West Virginia

WHEREAS, the County Court of Taylor County, West Virginia, did heretofore by a resolution and order adopted February 14, 1969, fix a date for a public hearing on the creation of the proposed Southwestern Water District pursuant to a petition signed by more than one hundred legal voters resident within and owning real property within the proposed 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 Taylor, Harrison and Barbour Counties, West Virginia, 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 protest written or oral having been made 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 Taylor County, West Virginia, as follows:

Section 1. That a public service district within Taylor, Harrison and Barbour Counties, West Virginia, is hereby created, and said district shall have the following described boundaries:

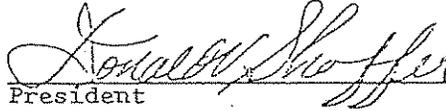
"Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running, thence N 61° 10' W 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N 75° 00' E 5.3 miles; thence S 74° 10' E 2.1 miles; thence South 4.9 miles; thence S 83° 56' W 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S 71° 20' W 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles."

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

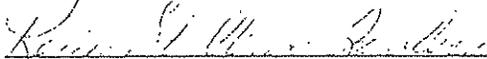
Section 3. That the County Court of Taylor County, West Virginia, has determined that the territory within Harrison and Barbour Counties, West Virginia, having the hereinto above-described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water

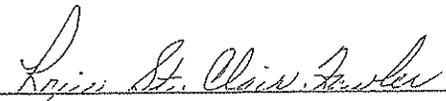
services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT March 10, 1969.


President

Attest:


Clerk

A Copy Teste: , Clerk.

2/14/69

A RESOLUTION AND ORDER fixing a date of hearing on the creation of a proposed public service district within Taylor County, Harrison County, and Barbour County, West Virginia; and providing for the publication of a notice of such hearing and posting of notices.

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Taylor County, West Virginia, a petition to this County Court, containing the signatures of more than one hundred legal voters resident within and owning real property within the limits of a proposed public service district, praying that this County Court, create a public service district within Taylor County, Harrison County, and Barbour 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 13-A of Chapter 16 of the West Virginia Code this County Court duly moved, seconded and passed a motion calling for a resolution and order fixing a date for hearing on the creation of a public service district within Taylor County, West Virginia, and providing for the publication of a notice of such hearing,

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

Section 1. That the County Court of Taylor 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 Taylor County, West

Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and the name of the proposed public service district and further declares that a motion calling for a hearing on the creation of said public service district and the publication of a notice of such hearing as by law required has been duly passed by said County Court.

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

(a) The name and corporate title of said public service district shall be the "Southwestern Water District".

(b) The territory to be embraced in said public service district shall be as follows:

Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running; thence N 61° 10' W 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N 75° 00' E 5.3 miles; thence S 74° 10' E 2.1 miles; thence South 4.9 miles; thence S 83° 56' W 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S 71° 20' W 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles.

(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 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 13-A of Chapter 16 of the West Virginia Code. The territory includes within its limits the Town of Flemington, A Municipal Corporation.

Section 3. That on March 10, 1969, at the hour of 9:00 o'clock A.M., this County Court shall meet in the County Court House at Grafton, 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 in the Grafton Sentinel, a newspaper of general circulation published in Taylor County, at least ten days prior to such hearing, and to notify the County Court and Clerk of both Harrison and Barbour Counties, West Virginia, of the date so set for said hearing.

NOTICE OF PUBLIC HEARING
ON CREATION OF THE SOUTH-
WESTERN WATER DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Court of Taylor

County, West Virginia, and has been presented to the County Court of Taylor County asking for the creation of a public service district within Taylor, Harrison and Barbour Counties, West Virginia, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water services within said district and also outside said district to the extent permitted by law; to be named "Southwestern Water District"; and having the following described boundaries:

"Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running; thence N 61° 10' W 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N 75° 00' E 5.3 miles; thence S 74° 10' E 2.1 miles; thence South 4.9 miles; thence S 83° 56' W 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S 71° 20' W 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles."

And further the County Clerk is hereby authorized and directed to post a notice containing the same information as is contained in the published notice in at least five conspicuous places in the proposed public service district not less than 10 days before said hearing.

And whereas the County Court of Taylor County, West Virginia, have passed a motion calling for a resolution to fix a date for hearing on the creation of said public service district.

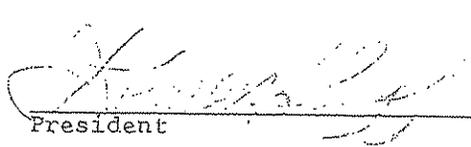
All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Taylor County will conduct a public hearing on March 10, 1969, at 9:00 o'clock A.M., in the County Court House at Grafton, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court this 14th day of February, 1969.



County Court Clerk

ADOPTED BY THE COUNTY COURT this 14th day of February, 1969.



President

ATTEST:



Clerk

State of West Virginia, County of Taylor, ss:

Notice Of Public Hearing
On Creation Of The South-
Western Water District

NOTICE IS HEREBY GIVEN
that a legally sufficient petition has been filed with the Clerk of the County Court of Taylor County, West Virginia, and has been presented to the County Court of Taylor County asking for the creation of a public service district within Taylor, Harrison and Barbour Counties, West Virginia, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water services within said district and also outside said district to the extent permitted by law; to be named "Southwestern Water District"; and having the following described boundaries:

"Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 42" and longitude West 80° 11' 03", and running; thence N 61° 10' W 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N 75° 00' E 5.3 miles; thence S 74° 10' E 2.1 miles; thence South 4.9 miles; thence S 83° 56' W 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S 71° 20' W 2.0 miles; thence South 1.3 mile; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles."

And whereas the County Court of Taylor County, West Virginia, have passed a motion calling for a resolution to fix a date for hearing on the creation of said public service district.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Taylor County will conduct a public hearing on March 10, 1969, at 9:00 o'clock A. M., in the County Court House at Grafton, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court this 14th day of February, 1969.

Roxie St. Clair Fowler
County Court Clerk

If 2-26

I, Larry H. Fickman

PUBLISHER
BUSINESS MANAGER

of the Grafton Daily Sentinel, a newspaper published at Grafton in the said county, do hereby certify that the annexed

Notice of Public Hearing

On Creation of the South-Western Water District

Roxie St. Clair Fowler

was published once a week for one (1) successive weeks in said daily newspaper published as aforesaid, commencing on the 26 day of February, 1969.

Given under my hand this 26 day of February, 1969.

Larry H. Fickman

PUBLISHER
BUSINESS MANAGER

Printers fee \$ 21.60

COUNTY, TO-WIT:

do solemnly swear that on the _____ day

of _____, 19____, I posted a copy of the annexed notice at the front door of the Court

before me this 2nd day of March, 1969.

Betty Patterson Notary Public.

My commission expires June 23 1972

PUBLISHER'S CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF HARRISON:

I, W. L. Cook

Business Manager of THE CLARKSBURG TELEGRAM, a news-
paper of general circulation published in the City of Clarksburg,
County and State aforesaid, do hereby certify that the annexed

Notice of Public Hearing -

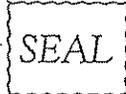
Southwestern Water Dist.

was published in THE TELEGRAM one time, on the 26th
day of February 19 69

The publisher's fee for said publication is \$ 23.10

W. L. Cook

Business Manager of The Telegram



Subscribed and sworn to before me this 26th day

of February 19 69

Margaret Ann Nelson

Notary Public of Harrison County, W. Va.

My commission expires on the 15th day of June

19 76

NOTICE OF PUBLIC HEARING
ON CREATION OF THE SOUTH-
WESTERN WATER DISTRICT

NOTICE IS HEREBY GIVEN that a
legally sufficient petition has been filed
with the Clerk of the County Court of
Taylor County, West Virginia, and has
been presented to the County Court of
Taylor County asking for the creation
of a public service district within
Taylor, Harrison and Barbour counties,
West Virginia, for the purpose of con-
structing or acquiring by purchase or
otherwise and the maintenance, opera-
tion, improvement and extension of
public service properties supplying water
services within said district and also
outside said district to the extent per-
mitted by law; to be named "Southwest-
ern Water District"; and having the
following described boundaries:

"Beginning at a point in the County
line between Harrison County and
Taylor County at its intersection
with West Virginia Route 1372, said
point being at latitude North 39° 18'
43" and longitude West 80° 11' 03",
and running: thence N 61° 10' W 1.1
miles; thence West 1.5 miles; thence
North 0.8 mile; thence East 0.5 mile;
thence North 1.8 miles to latitude
North 39° 18' 25" and longitude
West 80° 12' 16"; thence East 2.9
miles to latitude North 39° 18' 25"
and longitude West 80° 10' 00";
thence N 75° 00' E 5.2 miles; thence
S 74° 10' E 2.1 miles; thence South
4.9 miles; thence S 83° 56' W 4.4
miles to latitude North 39° 14' 25"
and longitude West 80° 05' 53"; thence
South 1.0 miles to latitude North 39°
13' 34" and longitude West 80° 06'
53"; thence S 71° 20' W 2.0 miles;
thence South 1.3 miles; thence West
0.9 mile; thence North 2.0 miles to
latitude North 39° 14' 31" and longi-
tude West 80° 10' 00"; thence North
39° 43' West 1.7 miles to the begin-
ning containing an area of 52.61
square miles."

And whereas the County Court of
Taylor County, West Virginia, have pass-
ed a motion calling for a resolution to
fix a date for hearing on the creation
of said public service district.

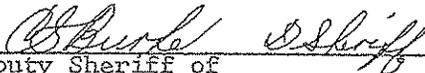
All persons residing in or owning or
having any interest in property in said
proposed public service district are here-
by notified that the County Court of
Taylor County will conduct a public
hearing on March 10, 1969, at 9:00
o'clock a.m., in the County Court House
at Grafton, West Virginia, at which time
and place all interested persons may
appear before the County Court and
shall have an opportunity to be heard
for and against the creation of the
proposed public service district.

By Order of the County Court this 25th
day of February, 1969.
Frank J. Maxwell, Jr.
County Court Clerk

CERTIFICATE

I, the undersigned, do hereby certify that on the 27th day of February, 1969, I posted five notices in conspicuous places in an area to be included in the proposed Southwestern Water District, giving notice that a hearing would be held on the 10th day of March, 1969, in the office of the County Court of Taylor County, West Virginia, at 9:00 o'clock A.M., and which said notice described the proposed public service district, and which notice provided that all interested persons had a right to appear before the County Court and would be given an opportunity to be heard for and against the creation of the proposed public service district.

Given under my hand this 14th day of March, 1969.


Deputy Sheriff of
Taylor County, West Virginia.

1969

PETITION FOR CREATION TO A PUBLIC SERVICE DISTRICT
PURSUANT TO ARTICLE 13-A, OF CHAPTER 16
OF THE CODE OF WEST VIRGINIA, AS AMENDED

TO THE COUNTY COURT OF TAYLOR COUNTY, WEST VIRGINIA

This day comes John L. Waters, an Attorney-at-Law, representing the legal voters residing within and owning real property within the limits of the territory described below, who have signed this petition and do hereby petition the County Court of the County of Taylor, West Virginia, to create the "Southwestern Water District", a Public Service District of the Counties of Taylor, Barbour and Harrison, West Virginia, the territorial limits described below, pursuant to the Provisions of Chapter 147 of the Acts of the Legislature of West Virginia, Regular Session of 1953, constituting Article 13-A of Chapter 16 of the Code of West Virginia of 1931 as amended.

The Southwestern Water District, a Public Service District, shall be as follows:

Beginning at a point in the County line between Harrison County and Taylor County at its intersection with West Virginia Route 13/2, said point being at latitude North 39° 15' 43" and longitude West 80° 11' 03", and running, thence N 61° 10' W 1.1 miles; thence West 1.5 miles; thence North 0.8 mile; thence East 0.5 mile; thence North 1.8 miles to latitude North 39° 18' 25" and longitude West 80° 13' 16"; thence East 2.9 miles to latitude North 39° 18' 25" and longitude West 80° 10' 00"; thence N 75° 00' E 5.3 miles; thence S 74° 10' E 2.1 miles; thence South 4.9

miles; thence S 83° 56' W 4.4 miles to latitude North 39° 14' 25" and longitude West 80° 06' 53"; thence South 1.0 miles to latitude North 39° 13' 34" and longitude West 80° 06' 53"; thence S 71° 20' W 2.0 miles; thence South 1.3 miles; thence West 0.9 mile; thence North 3.0 miles to latitude North 39° 14' 31" and longitude West 80° 10' 00"; thence North 32° 43' West 1.7 miles to the beginning; containing an area of 52.61 square miles.

The purpose of said Public Service District shall be to construct or acquire by purchase or otherwise and maintain, operate, improve and extend property supplying of public water system within such territory, also outside such territory to the extent permitted by law.

The territory described above does not include within its limits the territory of any Public Service District organized under the laws hereinbefore referred to. The territory includes within its limits the Town of Flemington, A Municipal Corporation.

Grafton, West Virginia

February 14, 1969

The County Court of Taylor County, West Virginia, met this day in special session held this 14th day of February, 1969, at 3:00 P M , pursuant to the call of Donald V Shaffer, President, R. Harter Bunner, Commissioner, and J. Paul Murphy, Commissioner, said call being:

"To consider a petition of residents and property owners and legal voters of Court House District, Taylor County, Simpson District, Harrison County, and Pleasant District, Barbour County, West Virginia, asking that the Court create a public service district in the area therein described, and to adopt a proposed resolution and enter a proper order fixing a date of hearing on the creation of a public service district in Court House District, Taylor County, Simpson District, Harrison County, and Pleasant District, Barbour County, West Virginia, as set forth in said petition and to provide for the publication of a notice of such hearing."

The meeting was called to order and the roll being called there were present Donald V. Shaffer, President, presiding, and the following named commissioners: R. H. Bunner and J Paul Murphy.

And were absent: None

J. Paul Murphy introduced and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date of hearing on the creation of a public service district within Taylor County, Harrison County, and Barbour County, West Virginia; and providing for the publication of a notice of such hearing and posting of notices",

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

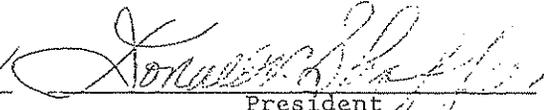
Aye: Donald V Shaffer, R. H. Bunner and J Paul

Murphy

Nay: None

Whereupon the president declared the motion duly carried and said resolution and order duly adopted on motion and vote, the meeting was thereupon adjourned.


Clerk


President

The Taylor County Commission met on September 2, 2008 at 5:00 p.m. Those present were: David Gobel, Tony Veltri and David Efaw.

A motion was made by Tony Veltri seconded by David Efaw to approve Requisition 37 in the amount of \$213,202.25 for Parkview Sewer Project. Motion Carried Unanimously.

The Commission will meet on September 18, 2008 at 5:00 p.m.

A motion was made by Tony Veltri seconded by David Efaw to amend the General Fund Unencumbered Balance \$144, 614.20 and decrease Account 401 \$105,386.00 and Coal Severance Budget \$55,767.00 and increase Account 425 \$45,767.00. Motion Carried Unanimously.

A motion was made by Tony Veltri seconded by David Efaw to re-appoint Donnis Barney to the Southwestern PSD Board. Motion Carried Unanimously.

David Efaw made a motion seconded by Tony Veltri to approve Exonerations as submitted by the Assessor;

Sean Patrick Gallagher	\$922.28	
Francis J. Phillips	107.20	
Mark O & Kimberly Poling	40.86	
James & Mildred Flenniken	669.78	
John David Whitescarver	126.32	
Randall L. & Janie Utt	36.06	
City of Grafton	353.76	
Timothy L. & Marla D. Gray	1,632.26	
Roy or Brenda Jones	73.64	
Michael A. Stewart	810.10	
Monna L. Taylor	282.10	
Toyota Motor Cred Corp.	133.26	
Suddenlink Communications	2,133.08	
Selby R. & Rosemary B. Woods	505.02	
Alex F. & Jena M. Reneman	132.44	Motion Carried Unanimously.

Tony Veltri made a motion seconded by David Efaw to approve recommendation of the Assessor to employ Robert Pisegna as data collector/part time (from Re-Appraisal Fund) and transfer John Davis to replace Mary Smith. Motion Carried Unanimously.

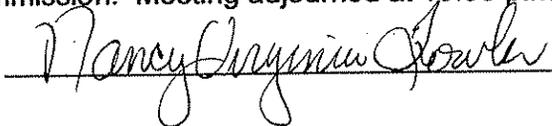
A motion was made by Tony Veltri seconded by David Efaw to send a letter to the Taylor County Sheltered Workshop to concur with State Development Office that information needs to be submitted

to the Taylor County Commission by September 18, 2008 with included Financial data that had been requested at two previous meetings. A decision on this grant will be made on September 18, 2008, due to the timeline necessary for project to be under construction by December 31, 2008.

Wills and Settlements for August were approved.

Bills were approved as follows: General County \$139,975.42; Home Detention \$3,526.59; 911 Fund \$51.80; and Financial Stabilization Fund \$100,000.00.

No further business came before the Commission. Meeting adjourned at 10:30 p.m.



Clerk

L. Nancy Virginia Clerk

The Taylor County Commission met on Feb. 7, 2005 at 2:30 P.M. Those present were:

Dave Gobel, Robert Weaver & Tony Veltri.

Dick Fowler met with the Commission and discussed some equipment that is needed related to small building and generator at the Lucretia Site of the Cell Tower. He will get some cost estimates for the Commission to consider. The Commission reviewed the Homeland Security Grant and will make some modifications, so these funds could be used on the above project.

A motion was made by Robert Weaver seconded by Tony Veltri to approve Exonerations as submitted by the Assessor.

Verizon Credit Inc.	Exon. 33.44
Seese, Denzil H. III	Exon. 50.50
Courtney, Lee Ann	Exon. 166.38

Motion Carried Unanimously.

✓ The Commission considered the Board vacancy on Southwestern PSD. A motion was made by Robert Weaver seconded by Tony Veltri to appoint Misty Finch for the unexpired term on Southwestern PSD Board. Motion Carried.

✓ A motion was made by Robert Weaver seconded by Dave Gobel to re-appoint Donald

Gull retro active to 6-14-04 on Southwestern PSD Board. Motion Carried Unanimously.

The Commission reviewed the Law Enforcement budget with the Sheriff. On December 31, 2004 more than 50% of this budget had been expended.

A motion was made by Tony Veltri seconded by Robert Weaver to approve Allan Marshall Keener and James Paul Watkins as full-time correctional officers. Motion Carried Unanimously.

Bills were approved as follows:

General County	66,850.28
Dog Tax	1,323.04
Coal Severance	4,042.68
Deputy Sheriff Ret.	390.50
911 Fund	144.46
TOTAL	<u>72,750.96</u>

No further business came before the Commission. Meeting adjourned at 7:00 P.M.


_____, Clerk ✓

OATH OF OFFICE

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

I 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

Southwestern Public Service District Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant Misty Finch

Subscribed and sworn to before me in said County and State this 14th day of February, 2005

Nancy Virginia Fowler
Clerk of Taylor County Court

STATE OF WEST VIRGINIA, County of Taylor, to wit

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said county, do hereby certify that the foregoing writing, with certificate therein annexed, was this day produced to me in my office and was admitted to record therein.

Given under my hand this 14th day of February, 2005, at 11:12 AM

Nancy Virginia Fowler Clerk

OATH OF OFFICE

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

I 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

Southwestern Water District Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant *Dennis J. Barney*

Subscribed and sworn to before me in said County and State this 26th day of September, 2008

Nancy Virginia Fowler
Clerk of Taylor County Court

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said county, do hereby certify that the foregoing writing, with certificate therein annexed, was this day produced to me in my office and was admitted to record therein.
Given under my hand this 26th day of September, 2008, 2:29PM

Nancy Virginia Fowler, Clerk

OATH OF OFFICE

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

I 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

Southwestern Public Service District Board Member

TO the best of my skill and judgment, so help me God.

Signature of Affiant Donald A. Bull

Subscribed and sworn to before me in said County and State this 13th day of April, 19 99

Nancy Virginia Fowler
Clerk of Taylor County Court

STATE OF WEST VIRGINIA, County of Taylor, to-wit:

I, NANCY VIRGINIA FOWLER, Clerk of the County Commission of said county, do hereby certify that the foregoing writing, with certificate therein annexed, was this day produced to me in my office and was admitted to record therein.

Given under my hand this 13th day of April, 1999, 1:14PM

Nancy Virginia Fowler, Clerk

A RESOLUTION setting forth rules of procedure for the Public Service Board of Southwestern Water District.

* * *

* * *

* * *

BE IT AND IT IS HEREBY RESOLVED BY THE PUBLIC SERVICE BOARD OF SOUTHWESTERN WATER DISTRICT AS FOLLOWS:

Section 1. Regular meetings of the Public Service Board of Southwestern Water District shall be held without notice at Post Office in Crafton, West Virginia, on the 2d Tuesday of each month, at 8:00 P.M., unless the same shall be a legal holiday, in which event said meeting shall be held on the next succeeding secular day.

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

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

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

Section 5. At the regular meetings of the Board the following shall be the order of business:

1. Roll Call
2. Reading and approval of the minutes of the previous meeting
3. Bills and communications
4. Reports of the Secretary and Treasurer
5. Reports of committees
6. Unfinished business
7. New business
8. Adjournment

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


Chairman

ATTEST:


Secretary

LAW OFFICES
ROBERT R. RODECKER
BB&T SQUARE
300 SUMMERS STREET, SUITE 1230
POST OFFICE BOX 3713
CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER
rodecker@wvdsi.net

JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

AREA CODE 304
343-1654
FACSIMILE
343-1657

February 24, 2009

Ms. Sandra Squire
Executive Secretary
Public Service Commission
201 Brooks Street
Charleston, West Virginia 25301

RECEIVED
09 FEB 24 PM 1:08
W. VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

RE: CASE NO. 09-0066-PWD-CN
SOUTHWESTERN WATER DISTRICT
Application for a certificate of convenience
and necessity

Dear Ms. Squire:

Pursuant to the January 26, 2009 Notice of Filing Order ("Order") entered in the above matter, enclosed herein please find Affidavits evidencing publication of the Order in *The Mountain Statesman* (Taylor County), *The Exponent Telegram* (Harrison County), and *The Barbour Democrat* (Barbour County) newspapers.

With the submission of the enclosed Affidavits, all publication requirements set forth in the January 26th Order have been met.

As evidenced by the Certificate of Service attached hereto, a copy of this filing is today been served upon Staff Attorney Cass Toon.

Sincerely,



Robert R. Rodecker
WV State Bar No. 3145

attachments

cc: Cassius H. Toon, Esquire
Donald Gull, Chairman
Squire Letter With Affidavits of NOF

MHN
STATESMAN

LEGAL

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 26th day of January, 2009.

CASE NO. 09-0066-PWD-CN

SOUTHWESTERN WATER DISTRICT

Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvement upgrades to its existing water system and extension of its waterline to serve approximately 84 additional customers in Taylor County, West Virginia, and for approval of financing related thereto.

NOTICE OF FILING

On January 26, 2009, Southwestern Water District ("District") filed an application, duly verified, seeking a certificate for the construction, operation and maintenance of improvement upgrades to its existing water system and extension of its waterline to serve approximately 84 additional customers in the Valley Falls, Wendel Road, Shelby Road, Route 189 South, Pleasant Creek and Flag Run area of Taylor County, West Virginia. The District's application further seeks approval of financing related thereto. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The District estimates that the total project cost to be \$10,285,000.00. Financing will be provided by a \$6,100,000.00 Drinking Water Treatment Revolving Fund loan for a term of thirty (30) years at a rate of 0% interest and 1% administrative fee, and a USDA Rural Utility Services loan in the amount of \$4,185,000.00 at an interest rate of 4.625% for a term of forty (40) years.

The District is also seeking approval of increased water rates to go into effect upon completion of the water project. The proposed increased water rates will be in lieu of those contained in the District's water Tariff No. 18 currently on file with the Public Service Commission. The increased rates for which the District is seeking approval are as follows:

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

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

RATES (Customers with metered water supply)

First	3,000	gallons used per month	\$8.85 per 1,000 gallons
Next	3,000	gallons used per month	\$7.45 per 1,000 gallons
Next	4,000	gallons used per month	\$6.24 per 1,000 gallons
Next	10,000	gallons used per month	\$5.31 per 1,000 gallons
All Over	20,000	gallons used per month	\$4.40 per 1,000 gallons

MINIMUM CHARGE

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

5/8	Inch meter	\$ 26.95
1	Inch meter	64.88
1- 1/2	Inch meter	129.75
2	Inch meter	207.80
4	Inch meter	648.75

RECONNECTION

\$20.00

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

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

\$2.26 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average.

Southwestern Water District has no water resale customers.

With the additional 84 water customers, the proposed project will produce an average of approximately \$496,885.00 annually in additional revenue, an increase of 81.96%.

Pursuant to §24-2-11, W.Va. Code, IT IS ORDERED that the Southwestern Water District give notice of the filing of said application by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Counties of Barbour, Harrison and Taylor, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, Post Office Box 812, Charleston, West Virginia 25323.

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

A True Copy, Teste:
Sandra Squire

Executive Secretary

PUBLISHER'S CERTIFICATE

I, Sara V. Shingleton, Classified Manager of THE EXPONENT TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and state aforesaid, do hereby certify that the annexed:

NOTICE OF FILING

was published in THE EXPONENT-TELEGRAM 1
time(s) commencing on
the 4th day of February 2009 and ending on
the 4th day of February 2009 at the request of
LAW OFFICES ROBERT R. RODECKER.

Given under my hand this 4th day of February 2009

The publisher's fee for said publication is: \$178.88
for 1,376 words at \$0.13 per word.

Sara V. Shingleton
Classified Manager of The Exponent-Telegram

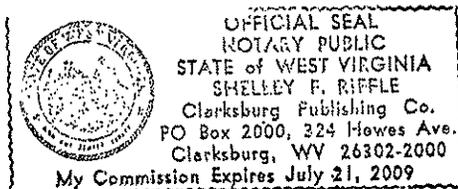
SEAL

Subscribed to and sworn to before me this 4th day of
February 2009.

Shelley F. Riffle
Notary Public in and for Harrison County, WV

My commission expires on:

The 21 day of July 2009



Clarksburg

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA-CHARLESTON**

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 26th day of January, 2009

CASE NO. 09-0066-PWD-CN

SOUTHWESTERN WATER DISTRICT

Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvement upgrades to its existing water system and extension of its waterline to serve approximately 84 additional customers in Taylor County, West Virginia, and for approval of financing related thereto.

NOTICE OF FILING

On January 28, 2009, Southwestern Water District ("District") filed an application, duly verified, seeking a certificate for the construction, operation and maintenance of improvement upgrades to its existing water system and extension of its waterline to serve approximately 84 additional customers in the Valley Falls, Wendel Road, Shelby Road, Route 189 South, Pleasant Creek and Flag Run area of Taylor County, West Virginia. The District's application further seeks approval of financing related thereto. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The District estimates that the total project cost to be \$10,285,000.00. Financing will be provided by a \$5,100,000.00 Drinking Water Treatment Revolving Fund loan for a term of thirty (30) years at a rate of 0% interest and 1% administrative fee, and a USDA Rural Utility Services loan in the amount of \$5,185,000.00 at an interest rate of 4.825% for a term of forty (40) years.

The District is also seeking approval of increased water rates to go into effect upon completion of the water project. The proposed increased water rates will be filed of those contained in the District's Water Tariff No. 18, currently on file with the Public Service Commission. The increased rates for which the District is seeking approval are as follows:

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

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

RATES (Customers with metered water supply)

First	2,000 gallons used per month	\$8.66 per 1,000 gallons
Next	2,500 gallons used per month	\$7.46 per 1,000 gallons
Next	3,000 gallons used per month	\$6.24 per 1,000 gallons
Next	4,000 gallons used per month	\$5.61 per 1,000 gallons
After	40,000 gallons used per month	\$4.40 per 1,000 gallons

MINIMUM CHARGE

None will be rendered to less than the following based on meter size:

3/8 inch meter	\$25.95
1/2 inch meter	64.89
1 1/2 inch meter	129.75
2 inch meter	207.60
4 inch meter	648.75

RECONNECTION

\$20.00

A fee shall be assessed whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A fee of \$100.00 will be charged to all customers who apply for service outside of a certified area pending before the Commission for each new tap to the system.

RECONNECTION CHARGE

A service charge equal to the actual tap fee assessed to the District for a maximum of \$25.00 will be assessed to any customer who requests for payment of charges returned by their biller.

WASTE FEE

A waste fee shall be assessed to be used when a bill reflects unusual consumption which can be attributed to a leak or other waste of water. This rate shall be applied to the amount of water used in excess of the average.

When the waste fee is assessed on a billed meter, it will produce an average of 1.5% increase in the rate. When the waste fee is assessed on a billed meter, it will produce an average of 81.95% increase in the rate.

IT IS ORDERED that the Southwestern Water District give notice of the filing of said application, by publishing a copy of this order once in a newspaper of general circulation in Taylor County, West Virginia, and of general circulation in Counties of Hancock, Harrison and Taylor, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or notices of intervention should briefly state the reason for the protest or intervention, and shall be filed with the Commission's Rules of Intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, Post Office Box 812, Charleston, West Virginia 25325.

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

A True Copy, Teste:
Sandra Squire, Executive Secretary

OFFICE OF THE BARBOUR DEMOCRAT

I, **LARS O. BYRNE**, Editor of the **BARBOUR DEMOCRAT**, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed:

LEGAL NOTICE

was duly printed in said paper one week commencing on Wednesday, the 4th day of February, 2009.

Given under my hand at Philippi, West Virginia, this 4th day of February, 2009

Lars O. Byrne, Editor

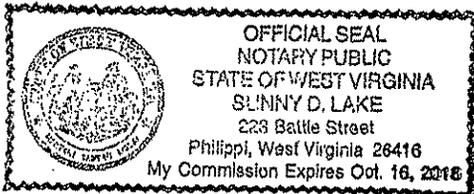
Printer's Fee.....\$ 156.98

STATE OF WEST VIRGINIA
COUNTY OF BARBOUR; to wit

Sworn to and subscribed before me this 4th day of February, 2009

Sunny D. Lake
NOTARY PUBLIC

My Commission Expires October 16, 2018



CASE NO. 09-0056-PWD-CN

SOUTHWESTERN WATER DISTRICT

Barbour

Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvement upgrades to its existing water system and extension of its waterline to serve approximately 84 additional customers in Taylor County, West Virginia, and for approval of financing related thereto.

NOTICE OF FILING

On January 26, 2009, Southwestern Water District ("District") filed an application, duly verified, seeking a certificate for the construction, operation and maintenance of improvement upgrades to its existing water system and extension of its waterline to serve approximately 84 additional customers in the Valley Falls, Wendel Road, Shelby Road, Route 188 South, Pleasant Creek and Leg Run area of Taylor County, West Virginia. The District's application further seeks approval of financing related thereto. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooke Street, in Charleston, West Virginia.

The District estimates that the total project cost to be \$10,285,000.00. Financing will be provided by a \$8,100,000.00 Drinking Water Treatment Revolving Fund loan for a term of thirty (30) years at a rate of 0% interest and 1% administrative fee, and a USDA Rural Utility Services loan in the amount of \$4,185,000.00 at an interest rate of 4.825% for a term of forty (40) years.

The District is also seeking approval of increased water rates to go into effect upon completion of the water project. The proposed increased water rates will be in effect upon completion of the District's water. The District is seeking approval as follows:

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (Customers with metered water supply)

First	3,000	gallons used per month	\$8.85 per 1,000 gallons
Next	3,000	gallons used per month	\$7.45 per 1,000 gallons
Next	3,000	gallons used per month	\$6.24 per 1,000 gallons
Next	10,000	gallons used per month	\$5.21 per 1,000 gallons
All Over	20,000	gallons used per month	\$4.40 per 1,000 gallons

MINIMUM CHARGE

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

1/8	inch meter	\$ 25.85
1	inch meter	64.88
1 1/2	inch meter	126.75
2	inch meter	207.80
4	inch meter	648.75

RECONNECTION

\$20.00

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

DELAYED PAYMENT PENALTY

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

TAP FEES

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

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.

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

\$2.28 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average.

Southwestern Water District has no water resale customers.

With the additional 84 water customers, the proposed project will produce an average of approximately \$496,885.00 annually in additional revenue, an increase of 81.96%.

Pursuant to §24-2-11, W.Va. Code, IT IS ORDERED that the Southwestern Water District give notice of the filing of said application, by publishing a copy of this order, once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Counties of Barbour, Harrison and Taylor, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, Post Office Box 812, Charleston, West Virginia 25323.

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

A True Copy, Teste:

Sandra Squire
Executive Secretary

CERTIFICATE OF SERVICE

I, Robert R. Rodecker, counsel for Southwestern Water District, do hereby certify that a copy of the foregoing document has been served upon Staff Attorney Cassius H. Toon via hand delivery on this 24th day of February, 2009.



ROBERT R. RODECKER

January 13, 2010 Regular Monthly Meeting

Attendees: Don Gull, Donnis Barney, Randy Payne, Misty Finch, Sheena Hunt, Randy Watson, Thrasher Engineering, Shawn Nines, Esq. and Alexis Huckels, Professional Appraisers

Don Gull called the meeting to order and established a quorum was present.

Project Update

Randy Watson brought a breakdown of;

1. Sediment and erosion permit 1/12/2010
2. Public Lands Permit – copy provided
3. CSX – All permits are complete, Randy contacted Chase Browning on a status, the permits are in route from Jacksonville.
4. Breakdown and Description of New Customers to Katy Mallory – provided 1/11/2010
5. DOH – Ralph Sapp is to provide to Randy Watson, we need 2 bonds, and Randy will provide those at the pre-construction
6. Jillian Harris wanted Plans and Specs, they were mailed from Thrasher 1/13/2010

Randy has forwarded bid tabs and engineering recommendations to both funding agencies.

We will need the final title opinion from Shawn, which he can not complete until the final hearing, which we believe will be Felton.

Randy Payne asked Randy Watson, asked if they are comfortable with the 365 day completion deadline. Randy Watson said that he rarely sees contractors complete on time, but that they should be able to complete within the timeline. With the number of contracts, coordinating will be the challenge. Thrasher will be the one's to coordinate and will have to coordinate the timelines.

RUS

Randy called Steve Collins and provided the 9 items on the RUS list.

ROW and Land Acquisition Status

Mr. Elliot signed 1/13/2010, for the appraised amount of \$590.00

Mr. Moats signed 1/11/2010, for \$100.00

Ms. Hart signed 1/12/2010, for \$1,234

Mr. Smith signed 1/6/2010 \$600.00

Mr. DePolo had a conversation with Shawn – Shawn has filed ROE, Shawn agreed to a stipulation, faxed to Mr. DePolo, his not heard back before January 20, 2010 then it goes

to hearing, if he signed in advance of the January 20 2010 then he does not have to appear. Either this is finished on January 20, 2010

Mr. Stout – there are three signors, we believe that once the plans have been changed by Thrasher, they should be willing to sign. One of the signors is Jane Lew.

Mr. Rus – There are two pieces of property, the map and parcel information is changing, There are three owners; all three of which will sign.

Oral Lake Fishing Club, Randy Watson met with Randy Light, Randy Light forwarded the agreement to Alexis, who forwarded the information to Shawn to update.

ROE Status

Barbour County – these are scheduled for hearings on January 25th at 10:00a . In both cases, no one could potentially sign for these items. It is necessary to have ROE to clear these items.

Sax Hare Inc – this is a defunct corporation, Mr. Sasik signed for the corporation,

Stoper – the publication was ran in the Barbour Democrat.

Harrison County – these four are scheduled for January 20, 2010 with Judge Matish. These are Harris (\$1,400), DePolo, Ozala, Hazelbecker. Shawn has asked that someone from Thrasher, Professional Appraiser, and SWPSD.

Harrison County – the final one will be Cann. Shawn is waiting on judge rotation to determine when the hearing will be for this one. Thus far, Sam and Phyllis Cann have not yet signed – Shawn will file on him separately, due to judge rotation in Harrison County, a different judge will be used from Mr. Cann.

Taylor County

Felton – hearing February 1, 2010. Shawn has asked that someone from Thrasher, Professional Appraisers, and SWPSD.

Spencer – the board agreed to pay him \$10 plus buy him 2 culverts (not install, only purchase). Spencer is using a lawyer, the lawyer changed to language to PSD would install, the board said no to installation. The Hearing will also be February 1, 2010 at 9:00a.

Ronald Campbell Jr. has no problem with a ROW, except the property is in the name of a minor. We have to file a condemnation hybrid; since the minor can not sign and the guardian can not sign for. Mr. Campbell will need to sign some paperwork indicating that he is OK with the filing.

RUS Recommendation Letter

Steve Collins needs a letter from the PSD accepting Thrasher's recommendations. The members of the board have reviewed the contractor information. And have made the following motion, Don Gull made a motion to approve the contractors recommended by

Thrasher Engineering, and Donnis Barney seconded the motion, the amendment passed unanimously.

Amendment for Special Services

Randy is presenting \$12,500 for an amendment for special services. Currently the invoice for Professional Appraiser is approximately \$8,000. The final 4 have not been included, and will be an additional \$190 per ROW; an additional \$760.00. The total would be \$13,260. Also increase to \$14,500 for Bob Brooks' time to attend two court appearances. Don Gull made a motion to approve and Donnis seconded the motion, the amendment passed unanimously.

Professional Appraiser will charge a final \$1,000 for a complete compilation bill. This has already been billed to Thrasher.

Budget Amendment

Budget amendment from Thrasher Engineering moving funds from sites and lands to special services. Request for increase of \$14,500.00 and \$8,000 from construction to legal for Shawn Nines, title attorney. \$22,500.00. Don Gull made a motion to approve and Donnis seconded the motion, the amendment passed unanimously.

Requisition #17

Payment of :

\$14,500	Special Services
\$18,900	Reimbursement to PSD (H&T \$1,000; Pat Clelland, \$333.34; James Clelland \$333.33; John Clelland \$333.33; Grafton Coal, \$6,900; Morton, \$5,500; Alabama Farms, \$3,500; Dave and Pam Larew, \$1,000
\$100	Moats ROW
\$2,250	CSX Permit – Reimbursement to PSD
\$35,750.00	Total

Don Gull made a motion to approve, Donnis Barney seconded the motion, the motion passed unanimously.

Pre-Approval of Funds for 1st Draw at Loan Closing

	RUS	DWTRF
1. Interim Loan	\$779,421.81	-
2. Administration		\$12,593.31
3. Engineering-Thrasher	\$150,000.00	
4. Steptoe & Johnson – Bond Counsel		\$38,000
5. Huntington Bank (Registrar Fee)		\$500.00
6. Minus (overpayment for Title Attorney	(\$4.00)	
	\$929,417.81	\$51,093.31
	Total	\$980,511.12

Election of Officer

The Board of Director elected its officers for 2010. Donald Gull, Chairman and President, Misty Finch as Secretary, Donnis Barney as Treasurer.

Temporary Employee

The district will have a temporary employee come into the SWPSD to scan, name and label ROW documents to be used in the project. This will be someone coming to the office around as soon as possible to have the ROW scanning completed before the construction begins.

New Services and Leaks

During December and thus January 0 new taps have been sold. For the water project, 70 taps have been sold. Service Leaks Repaired 3 and Main Line Leaks 3. The water loss for December was 49% raw and 40% adjusted. Water loss for leaks estimated at 700,000 gallon.

Dump Truck

The Dump Truck has been repaired.

Safety Meeting

A Safety Meeting for December was cancelled due to weather issues. The January topic is to be decided. Ice was a suggested topic

SOUTHWESTERN WATER DISTRICT
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

EXCERPT OF MINUTES ON ADOPTION OF
SECOND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Southwestern Water District hereby certifies that the following is a true and correct excerpt of the minutes of a Special meeting of the said Public Service Board:

The Public Service Board of Southwestern Water District met in Special session, pursuant to notice duly posted, on the 14th day of April, 2010, in Taylor County, West Virginia, at the hour of 10:00 a.m.

PRESENT: Donald A. Gull, Chairman
Misty L. Finch, Secretary
Donnis Barney
Shawn Nines

Donald A. Gull, Chairman, presided, and Misty L. Finch, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman then presented a proposed Second Supplemental Resolution in writing entitled:

SECOND SUPPLEMENTAL RESOLUTION
PROVIDING AS TO THE PRINCIPAL AMOUNTS,
DATES, MATURITY DATES, REDEMPTION
PROVISIONS, INTEREST RATES, INTEREST AND
PRINCIPAL PAYMENT DATES, SALE PRICES AND
OTHER TERMS OF THE WATER REVENUE BONDS,
SERIES 2010 A (UNITED STATES DEPARTMENT OF
AGRICULTURE)

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Second Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

SOUTHWESTERN WATER DISTRICT
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION,
SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION
AND SWEEP RESOLUTION

The undersigned SECRETARY of the Public Service Board of Southwestern Water District hereby certifies that the following is a true and correct excerpt of the minutes of a Special meeting of the said Public Service Board:

The Public Service Board of Southwestern Water District met in Special session, pursuant to notice duly posted, on the 10th day of March, 2010, in Taylor County, West Virginia, at the hour of 10:00 a.m.

PRESENT: Donald A. Gull, Chairman
Misty L. Finch, Secretary
Donnis Barney
Shawn Nines

John Stump, Esquire

Donald A. Gull, Chairman, presided, and Misty L. Finch, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF SOUTHWESTERN WATER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$4,185,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF

AGRICULTURE), AND NOT MORE THAN \$6,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2010 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Donnis Barney and seconded by Donald Gull, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2010 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND WATER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA DWTRF PROGRAM), OF SOUTHWESTERN WATER DISTRICT ; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2010 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2010 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2010 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Donald Gull and seconded by Donnis Barney, it was unanimously ordered that the

said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Donnis Barney and seconded by Donald Gull, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Donald Gull and seconded by Donnis Barney, it was unanimously ordered that the said Sweep Resolution be adopted.

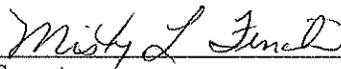
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Southwestern Water District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

Dated: March 12, 2010


Secretary

WV MUNICIPAL BOND COMMISSION

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

NEW ISSUE REPORT FORM

Date of Report: 12-Mar-10

ISSUE: <u>Southwestern Water District</u> <u>Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program)</u>	
ADDRESS: <u>PO Box 98, Flemington, West Virginia 26347</u>	COUNTY: <u>Taylor</u>
PURPOSE OF ISSUE: New Money: <u> x </u> Refunding: <u> </u>	
REFUNDS ISSUE(S) DATED: <u> NA </u>	
ISSUE DATE: <u>12-Mar-10</u>	CLOSING DATE: <u>12-Mar-10</u>
ISSUE AMOUNT: <u>\$6,100,000</u>	RATE: <u>0% 1% admin fee</u>
1ST DEBT SERVICE DUE: <u>1-Dec-11</u>	1ST PRINCIPAL DUE: <u>1-Dec-11</u>
1ST DEBT SERVICE AMOUNT: <u>\$50,834</u>	PAYING AGENT: <u>Municipal Bond Commission</u>
BOND COUNSEL: Firm: <u>Steptoe & Johnson PLLC</u> Contact: <u>John Stump, Esquire</u> Phone: <u>(304) 353.8196</u>	
UNDERWRITERS COUNSEL: Firm: <u>Jackson Kelly, PLLC</u> Contact: <u>Samme Gee, Esquire</u> Phone: <u>(304) 340-1318</u>	
CLOSING BANK: Bank: <u>First Community Bank</u> Contact: <u>Krista Barcus</u> Phone: <u>304.265.1111</u>	
ESCROW TRUSTEE: Firm: _____ Contact: _____ Phone: _____	
KNOWLEDGEABLE ISSUER CONTACT: Contact: <u>Misty Finch</u> Position: <u>Boardmember</u> Phone: <u>304.739.2418</u>	
OTHER: Agency: <u>West Virginia DWTRF Program</u> Contact: <u>Robert DeCrease</u> Position: <u>Manager</u> Phone: <u>304.558.2981</u>	
DEPOSITS TO MBC AT CLOSE By: <u> </u> Wire _____ <u> </u> Check _____	
Accrued Interest: \$ _____ Capitalized Interest: \$ _____ Reserve Account: \$ _____ Other: \$ _____	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: <u> </u> Wire _____ <u> </u> Check _____ <u> </u> IGT _____	
To Escrow Trustee: \$ _____ To Issuer: \$ _____ To Cons. Invest. Fund: \$ _____ To Other: \$ _____	
NOTES: <u>The Series 2010 B Bonds will be funded over 10 years</u> _____ _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____ _____	

SOUTHWESTERN WATER DISTRICT

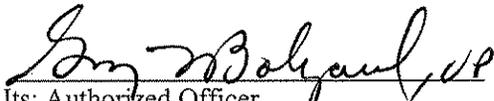
Water Revenue Bonds, Series 2010 A,
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First Community Bank, Grafton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Southwestern Water District (the "Issuer"), adopted March 10, 2010, and a Supplemental Resolution of the Issuer adopted March 10, 2010 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2010 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), both dated March 12, 2010, in the respective principal amounts of \$4,185,000 and \$6,100,000 (collectively, the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 12th day of March, 2010.

FIRST COMMUNITY BANK

By: 
Its: Authorized Officer

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

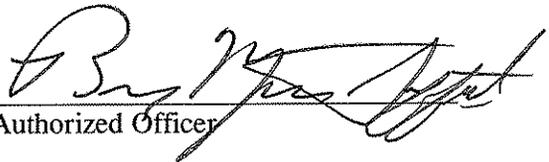
ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2010 B BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Southwestern Water District Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), dated March 12, 2010, in the principal amount of \$6,100,000 ("the Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 12th day of March, 2010.

THE HUNTINGTON NATIONAL BANK

By:
Its:


Authorized Officer

SOUTHWESTERN WATER DISTRICT

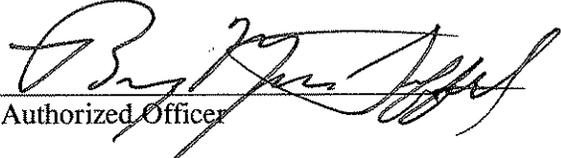
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF SERIES 2010 B BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Southwestern Water District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Southwestern Water District Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), of the Issuer, dated March 12, 2010, in the principal amount of \$6,100,000, numbered BR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 12th day of March, 2010.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of March 12, 2010, by and between SOUTHWESTERN WATER DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$6,100,000 Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program), in fully registered form (the "Series 2010 B Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted March 10, 2010, and a Supplemental Resolution of the Issuer duly adopted March 10, 2010 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Southwestern Water District
P.O. Box 98
Flemington, West Virginia 26347
Attention: Chairman

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

9. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

SOUTHWESTRN WATER DISTRICT

By: Donald A. Kuel
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: [Signature]
Its: Authorized Officer

01.08.10
850750.00001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES
Invoice Date March 12, 2010

**Southwestern Water District
Account Number 6089001809**

Southwestern Water District
Water Revenue Bond, Series 2010 B
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR March, 2010

TOTAL AMOUNT	\$ 500.00
TOTAL DUE	<u>\$ 500.00</u>

**MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633**

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

10-392
Belmont
RECEIVED

Randy W.
Mull F

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

JAN 30 2009

PERMIT

PROJECT: ^(Water) Replacement & Extensions
~~THRASHER ENGINEERING, INC.~~

PERMIT NO.: 18,217

LOCATION: near Flemington

COUNTY: Taylor

DATE: 1-23-2009

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

Southwestern Water Public Service District
P. O. Box 98
Flemington, West Virginia 26347

is hereby granted approval to: install approximately 800 LF of 10", 123,180 LF of 6", 42,460 LF of 4" and 42,160 LF of 2" water line; a 45 GPM, 55 GPM, 50 GPM, 40 GPM and 70 GPM duplex constant pressure booster stations; a 1,000 GPM duplex water booster station; a 6" and a 4" solenoid valve stations; two (2) 256,000 and an 84,000 gallon water storage tanks; and all necessary valves and appurtenances.

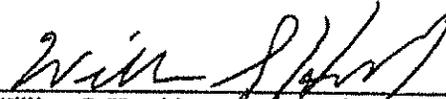
Facilities are to replace and upgrade the water distribution system in the Brownton, Galloway, Oral Lake, Burton Hollow, Wilfong Hollow, Bailey Road, Schoolhouse Road, Coal Camp, Astor, Substation, Route 50, Berry Run, Wendel Road and Webster areas. The water system will be extended to serve 84 new customers in the Valley Falls, Wendel Road, Shelby Road, Route 119 South, Pleasants Creek and Flag Run areas.

NOTE: This permit is contingent upon: 1) All new water lines and water storage tanks being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the proposed new water storage tanks with minimum six (6) feet high fencing with locking gates.

The Environmental Engineering Division of the Philippi District Office, (304) 457-2296, is to be notified when construction begins.

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

FOR THE DIRECTOR



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

WSH:cls

pc: Thrasher Engineering, Inc., POB 1532, Clarksburg, WV 26301
James W. Ellars, P.E.
Amy Swann, PSC
Taylor County Health Department
OEHS-EED Philippi District Office

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Southwestern Water 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

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Southwestern Water Public Service District
(Public Body)

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

FOUR MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND AND XX / 100 DOLLARS (\$4,185,000.00)pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code; and

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

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

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

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

IN WITNESS WHEREOF, the Board of Directors of the

Southwestern Water Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 22nd day of April, 2008

Southwestern Water Public Service District

(SEAL)

By Donald A. Kuehl

Attest:

Title Chairman

Misty L. Jindl

Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the Southwestern Water 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 10th day of March, 2010 ; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of March 12, 2010,
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 March day of 10, 2010

Donald A. Bull

Title Chairman

SOUTHWESTERN WATER DISTRICT

Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of First Community Bank, Grafton, West Virginia (the "Bank"), hereby certifies that on March 12, 2010, the Bank received an automated transfer in the amount of \$982,639.81 to the credit of the Series 2010 Bonds Construction Trust Fund, Account Number 10098020.

WITNESS my signature on this 12th day of March, 2010.

FIRST COMMUNITY BANK

By: 
Its: Authorized Officer

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/11/2010

PRODUCER (304)375-4900 FAX (304)375-2162
 Bill Bailey Insurance Agency
 701 Highland Avenue
 P. O. Box 246
 Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Southwestern Water District
 P.O. Box 98
 Flemington, WV 26347

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	SP9153598-02	12/31/2009	12/31/2010	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
		OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

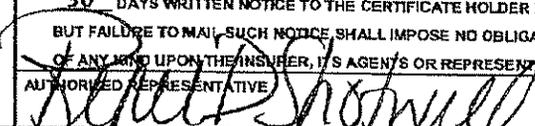
Certificate Holder listed below is named as Additional Insured

CERTIFICATE HOLDER

WV Water Development Authority
 180 Association Drive
 Charleston, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE




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

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

Writer's Contact Information

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: March 12, 2010
Re: Southwestern Water District Water Revenue Bonds, Series 2010 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2010 B (West Virginia DWTRF Program)

DISBURSEMENTS TO SOUTHWESTERN WATER DISTRICT

- A. Payor: United States of America, Department of Agriculture
Source: Series 2010 A Bond Proceeds
Amount: \$982,639.81
Form: ACH Transfer
Payee: Southwestern Water District
Bank: First Community Bank
Routing #: 051501299
Account #: 10098020
Contact: Krista Barcus 304.265.1111
Account: Series 2010 Bonds Construction Trust Fund
- B. Payor: West Virginia DWTRF Program
Source: Series 2010 B Bond Proceeds
Amount: \$51,094
Form: Wire Transfer
Payee: Southwestern Water District
Bank: First Community Bank
Routing #: 051501299
Account #: 10098020
Contact: Krista Barcus 304.265.1111
Account: Series 2010 Bonds Construction Trust Fund

03.03.10
850750.00001

Southwestern Public Service District
 Invoices for Approval to submit to USDA Rural Development & WV Bureau of Public Health
 For First Drawdown/Payment at Loan Closing

	RUS	DWTRF
1 Interim Loan (pay to PSD pay off West Union Bank) \$	779,549.14	\$ -
<i>(Minus \$4.00 on Title Attorney (\$50,020 x 80% = \$40,016.00; Total Paid \$40,020; eligible for \$40,016 RD; Interim Loan 779,421.81 - 4.00 = \$779,417.81</i>		
2 Administration--Region VI Planning & Development Council. \$	-	\$ 12,593.31
3 Engineering--Thrasher Engineering, Inc. \$	150,000.00	\$ -
4 Steptoe & Johnson (for Bond Counsel) \$	-	\$ 38,000.00
5 Huntington Bank (Registrar Fees) \$	-	\$ 500.00
6 Repayment to PSD of Interest Paid on Interim Loan \$	38,390.67	\$ -
7 CSX Permits (reimburse to PSD) \$	14,700.00	\$ -
8 \$	-	\$ -
TOTAL APPROVED FOR SUBMISSION TO USDA RD & WV BPH. \$	982,639.81	\$ 51,093.31
	TOTAL	\$ 1,033,733.12

RESOLUTION

WHEREAS, the Southwestern Public Service District has reviewed the attached invoices relating to its water project and finds as follows:

1. That none of the items for which payment is proposed has formed the basis for any disbursement heretofore made.
2. That each item for which the payment is proposed to be made is or was necessary in connection with the project and constitutes a cost to the project.
3. That each of such costs has been otherwise properly incurred; and
4. That payment for each of the items proposed is then due and owing upon submission of the first drawdown request at loan closing.

NOW, THEREFORE, BE IT RESOLVED by the Southwestern Public Service District that the payment of the attached invoices as summarized above, is hereby authorized and directed to be sent to the United States Department of Agriculture Rural Development and West Virginia Bureau of Public Health for review and pre-approval for loan closing.

APPROVED by the Southwestern Public Service District on the 10th day of March 2010.

By: Donald A. Gulf
 Its: Chairperson

SWEEP RESOLUTION

Southwestern Water District

WHEREAS, Southwestern Water District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly administrative fees, debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

- 1) The monthly administrative fees, debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer, to the extent funds are available, by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) The Chairman, Secretary and Treasurer are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 10th day of March, 2010.



Chairman

SOUTHWESTERN WATER DISTRICT

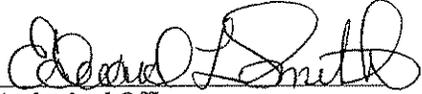
Water Revenue Bonds, Series 2010 A
(United States Department of Agriculture); and
Water Revenue Bonds, Series 2010 B
(West Virginia DWTRF Program)

RECEIPT AND RELEASE

West Union Bank, as the holder of the Southwestern Water District's Waterworks Design Bond Anticipation Notes, Series 2008, dated November 3, 2008, issued in the original aggregate principal amount of \$810,000 (the "Series 2008 Notes"), hereby certifies that it has this day received the sum of \$779,549.14 from the Southwestern Water District and that such sum is sufficient to pay the entire principal amount of and interest accrued on the Series 2008 Notes to the date hereof and discharge the liens, pledges and encumbrances securing the Series 2008 Notes.

Dated this 12th day of March, 2010.

WEST UNION BANK

By: 
Its: Authorized Officer

SOUTHWESTERN WATER DISTRICT PSD
CONSTRUCTION DESIGN

P.O. BOX 98
FLEMINGTON, WV 26347-0098
(304) 739-2418

1036

69-129-515

DATE March 13, 2010

PAY TO THE
ORDER OF West Union Bank

\$ **779,549.14**

Seven hundred seventy-nine thousand five hundred forty-nine dollars & fourteen cents-----DOLLARS  Security Feature
Includes
Dolls on Back.



FOR Reg. #1; Loan Pay-off

Donald R. Gull

NP

⑈001036⑈ ⑆051501299⑆ 1009802 0⑈ *Misty L. Finch*

2008
PAID
MAR 12 2010

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHWESTERN WATER DISTRICT
WATERWORKS SYSTEM BOND ANTICIPATION NOTE, SERIES 2008

No. R-1

\$810,000

KNOW ALL MEN BY THESE PRESENTS: This 3rd day of November, 2008 Southwestern Water District, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor 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 order of

- WEST UNION BANK -

or registered assigns (the "Registered Owner"), on November 3, 2008, the principal sum of EIGHT HUNDRED AND TEN THOUSAND DOLLARS (\$810,000), as evidenced by the Record of Advances attached as EXHIBIT A hereto and incorporated herein by reference together with interest only payable monthly on the principal amount beginning December 1, 2008 to and including November 11, 2011 and the principal being due November 1, 2011 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The annual interest rate for this Note is computed on a 30/360 basis, that is, with the exception of odd days interest in the first payment period. Monthly interest is calculated by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by a month of 30 days. Interest for the odd days is calculated on the basis of the actual days to the next full month and a 360 day year.

A. Interest on this Note shall be payable at the rate of 3.750% per annum (hereinafter sometimes called the "Tax-Exempt Rate").

B. Notwithstanding any other provision herein, in the event the interest on this Note is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Note shall be payable at the rate equal to the Wall Street Journal Prime Rate per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Note is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Note are paid, notwithstanding that the entire principal amount of this Note may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Note by reason of such increase shall become immediately due and payable.

The principal of and interest on this Note are 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 West Union Bank, as Paying Agent.

The loan evidenced by this Note shall be advanced to the Issuer as requested by the Issuer 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.

This Note is subject to prepayment of principal and interest to the date of prepayment in whole or in part at any time, without penalty.

This Note is issued (i) to temporarily finance costs of design and other preliminary costs of certain additions, betterments and improvements to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay the costs of issuance hereof 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Note Resolution duly enacted by the Issuer on October 30, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 30, 2008 (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 revenue bonds or other obligations of the Issuer to be issued subsequent to the issuance of the Notes to permanently finance the costs of acquisition and construction of the Project, (ii) the proceeds of any grants received by the Issuer for the Project, and (iii) Surplus Revenues, if any, of the System. The monies from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of and interest on this Note.

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK PRIOR TO OR ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Registered Owner, for the terms of which reference is made to said Notes Legislation. Remedies provided the Registered Owner are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth below, 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 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 solely to the payment of the costs of design 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 and the interest hereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

This Note is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at 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 Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

All provisions of the Notes Legislation and the 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.

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SOUTHWESTERN WATER 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 the day and year first written above.

[SEAL]

Donald A. Hull, Chairman
Chairman

ATTEST:

Misty L. Jiric, Secretary
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the 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.

Date: November 3, 2008.

WEST UNION BANK
as Registrar

By: 
Its: Authorized Officer